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Israel, Syria Halt Military Buildups In East Lebanon

The Associated Press
BEIRUT — Syria and Israel halted military buildups in eastern Lebanon on Monday, easing fears of war, and some Syrian troops were reported to be withdrawing.

Elsewhere in Lebanon, Lebanese guerrillas killed two Israeli soldiers and wounded three in central mountains, and the Palestine Liberation Organization denied a Lebanese Christian report of an attempt to assassinate the PLO's chairman, Yasser Arafat, in the Bekaa Valley.

Observers in southern Lebanon said the movement of Israeli troops and armor up to the front lines with Syria tapered off late Sunday and ended Monday.

Western reporters on the Syrian side of the 50-mile (80-kilometer) cease-fire line in the Bekaa Valley in eastern Lebanon said the Syrian armor had been thinned out and some Syrian troops had been seen heading back across the border in buses.

No playback on the Israeli side was reported.

Western diplomatic sources said that Israel had sent three mechanized brigades, about 10,000 new troops, into the southern Bekaa since Thursday.

This brought Israeli Army strength in eastern and southern Lebanon to about 35,000 troops backed by 560 tanks, 900 armored personnel carriers and 200 pieces of artillery.

The Israeli buildup over the weekend was in response to a Syrian buildup, a Syrian missile attack on Israeli reconnaissance planes over Lebanon on Wednesday and Syrian military maneuvers near the Golani Heights in which Soviet advisers reportedly took part.

The Israeli military command said its two soldiers were killed when a guerrilla squad in a vehicle attacked two Israeli military vehicles with bazookas and small arms fire Sunday on a road south of Bhamdoun. It said the guerrillas escaped.

A group called the Lebanese National Resistance Front, believed to be composed of PLO allies, later claimed responsibility for the attack in a statement broadcast by leftist Beirut radio stations.

The deaths brought to five the number of Israeli soldiers killed in a week of heightened assaults by

guerrillas on Israeli troops in Lebanon. Israel invaded Lebanon in June to expel the guerrilla forces and create a security zone along the country's northern border.

■ **PLO Renegades Denounced**

James M. Markham of The New York Times reported from Damascus:

A senior aide to Mr. Arafat vowed Monday that PLO units would "fiercely strike back" at any operations in Lebanon like the seizure of six supply depots in the Damascus area by renegades from the el-Fatah organization.

The Arafat aide, who spoke on condition that he not be identified, said that special Syrian security units had been responsible for protecting the six depots that fell into the hands of radical rebels Saturday.

"The PLO will not use arms against anyone in Damascus," said the adviser to Mr. Arafat.

"However, outside Syria, the PLO will fiercely strike back against any aggression against its bases."

The warning seemed aimed at stanching any further support for the rebels, who on May 7 set off a march among soldiers of the Yamouk Brigade at a base near the Syrian border on the front facing Israeli units in the Bekaa Valley.

The Arafat aide said that a meeting of the Revolutionary Council of el-Fatah, the mainstream Palestinian group, would not take place Monday as planned and had been "indefinitely" postponed.

Meanwhile, the Palestinian news agency Wafa, on Monday denied a claim by the right-wing Christian Phalangist radio station, Voice of Lebanon, that Mr. Arafat had been the object of an unsuccessful assassination attempt in the Bekaa.

A senior Palestinian figure called the claim "ridiculous" and "senseless" and said that Mr. Arafat was in Tripoli and not in Beirut where the purported assassination attempt took place.

The aide to Mr. Arafat disclosed that three weeks ago the Palestinian military command gave orders to its underground units operating behind Israeli lines in Lebanon to step up their attacks on Israeli forces.

A marked rise in sabotage and ambush incidents has been notable in the past few days.

He emphasized that such an

agreement could be achieved only if the Kremlin were convinced that the United States would otherwise go forward with full deployment, meaning that European allies must remain united behind full deployment.

If the United States and its allies stand firm, he said, "I think we'll have an agreement by the fall."

In an interview published Monday in a West German newspaper, Mr. Weinberger predicted that the Soviet Union and the United States would reach an interim agreement this fall to limit the number of medium-range nuclear missiles based in Europe.

The official said Sunday that he envisioned "an agreement" under which the United States would begin deploying its new Pershing-1 and cruise missiles in Western Europe as scheduled in December, but would restrict their number in return for Soviet reductions.

Mr. Weinberger said that such an

agreement could be achieved only if the Kremlin were convinced that the United States would otherwise go forward with full deployment, meaning that European allies must remain united behind full deployment.

If the United States and its allies stand firm, he said, "I think we'll have an agreement by the fall."

In an interview published Monday in a West German newspaper, Mr. Weinberger criticized former Chancellor Helmut Schmidt for doubting the Reagan administration's commitment to arms control.

Mr. Weinberger also alleged that the Soviet Union has increased its deployment of intermediate range SS-20 missiles from 351 to something "well above" that figure, possibly in the 300s. The deployment of SS-20s, many of them aimed at Western Europe, is the impetus cited by NATO for its planned and controversial basing of sophisticated nuclear weapons, 572 Pershing-2 and cruise missiles, in Europe.

Mr. Weinberger said that many of the new SS-20s have been installed east of the Ural Mountains, beyond the range of western Europe. But Mr. Weinberger said the missiles are so mobile that where they are deployed is of little consequence.

Although it is not the stated purpose of his trip to West Germany, Norway and a NATO defense minister's conference in Belgium, Mr. Weinberger is devoting considerable energy to ensuring that NATO retains the will to go forward with next winter's missile deployment.

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State Department, Pentagon at Odds Over a Possible U.S. Switch at Geneva

By Michael Getler
Washington Post Service

WASHINGTON — The State Department and the Pentagon are tilting in opposite directions on the complex and politically delicate question of how to change the U.S. position at the strategic arms reduction talks scheduled to resume in Geneva on June 8.

A main internal debate centers around throw-weight — how much an intercontinental missile can deliver. The Soviet Union has a big edge in throw-weight.

In general, the Pentagon wants to emphasize throw-weight in a revised proposal and to demand sharp Soviet cuts leading to eventual equality. The State Department wants to place somewhat less emphasis on it.

How the differences over throw-weight and other issues are resolved could have an important impact on Capitol Hill. A number of Democrats and moderate Republicans in Congress supported the MX missile in the expectation that

the U.S. proposal would become more negotiable, and that both nations would move toward less dangerous nuclear weapons than the 10-warhead MX and its Soviet counterparts.

Officials said they expect these differences, or at least some of them, to be resolved at a meeting with Mr. Reagan and the National Security Council scheduled for June 7. The president undoubtedly will have to consider not just the strategic merits of the competing positions, but the likely impact of his decision on the bipartisanship he has tried to build in Congress on arms issues.

A vague but potentially more explosive problem could be developing for Mr. Reagan in West Germany, where there is interest in an informal plan worked out last year during a now-famous "walk in the woods" by U.S. and Soviet negotiators at the parallel talks in Geneva on intermediate-range nuclear missiles in Europe.

That proposal would have eliminated the U.S. Pershing-2 missiles

that NATO is scheduled to begin deploying in West Germany in December, and left only the less-controversial cruise missiles to be deployed in several Western European countries. It was rejected by both governments at the time, and Mr. Reagan ruled it out again last Thursday.

However, former Chancellor Helmut Schmidt of West Germany said last week that he found the walk-in-the-woods formula acceptable.

The Reagan administration agreed last month to alter its proposal for the strategic arms reduction talks based on the recommendation of a bipartisan commission headed by Brent Scowcroft, a retired Air Force lieutenant general and former national security adviser.

The commission recommended what Mr. Reagan wanted most — deployment of 100 MX missiles — but it also called for U.S. development of a small, mobile, single-warhead intercontinental missile, and for changes that could lead to

a shift by both sides to smaller missiles.

The current U.S. proposal, submitted a year ago, calls for both sides to reduce the number of individual missile warheads by about a third to 5,000 each, and the number of land and submarine missiles to 850. The Russians have about 2,350 missiles and the United States about 1,600.

The proposal also includes limits on the biggest Soviet missiles, the SS-17, 18 and 19, so that there could be only 210 of all three types combined. This would constitute an indirect limit on Soviet throw-weight.

The U.S. proposal, however, also has a second phase to be negotiated after an initial agreement. This calls for much steeper cuts in Soviet throw-weight until both sides have equal amounts.

There is now the possibility that a new U.S. proposal will call for only one phase and in that case the Pentagon wants throw-weight equality emphasized. The Soviet missiles now have about two and a half times as much collective throw-weight as the United States, and many in the State Department believe it to be too big a disparity to expect the Kremlin to accept.

The State Department favors retaining the existing limits proposed for the biggest Soviet missiles as an indirect measure of throw-weight. There seems to be agreement that the 3,000-warhead ceiling should be retained, but there is argument over the 850-missile ceiling.

The State Department wants to increase it, reportedly to 1,100 to 1,200 missiles. This would make room for the small missiles recommended by Mr. Scowcroft, and it would also move closer to a Soviet proposal that calls for roughly 1,800 strategic missiles and bombers on both sides.

Other issues likely to be discussed are East-West trade and its relation to the sale of sensitive technology. Poland and Afghanistan will figure informally in the meetings.

New Soviet Warning on Missiles To Be Discussed at NATO Talks

By Michael Getler
Washington Post Service

BRUSSELS — Defense ministers of the North Atlantic Treaty Organization's European members will discuss the Kremlin's latest warning on nuclear missiles when they meet Tuesday a day ahead of a full alliance discussion on East-West issues, diplomats said.

The full meeting of NATO defense ministers Wednesday is expected to strongly condemn Moscow's statement that it would retaliate against deployment of U.S. medium-range missiles in Western Europe with additional deployments of their own, they added.

"We are obviously disappointed that the Soviets are issuing retaliatory threats instead of taking the talks in Geneva more seriously," a diplomat said.

The European ministers will issue their own statement on a number of security issues, and the full meeting will reaffirm the 1979 decision to install 572 U.S. nuclear missiles in Europe beginning in December unless the Russians agree to dismantle SS-20 missiles deployed on Soviet territory in recent years.

The full meeting will also discuss increasing NATO's conventional deterrence. The Americans are expected to have problems persuading the Europeans to provide more reservists to support U.S. troops in Western Europe.

The United States wants the European members to increase their military spending and provide more soldiers to replace Americans who might be sent to an area outside the North Atlantic alliance, such as the Gulf.

In addition, the United States has been asking the Europeans to guarantee the use of bases and fueling in such an occurrence, which the Europeans have been hesitant to give.

"The Europeans don't want to

sign a blank check giving the U.S. unlimited help in a conflict with which they might not agree," a U.S. official said.

The European ministers are likely to reaffirm in principle a commitment to increase defense spending by 3 percent per country despite the current inability of about a third of the countries to do so, the diplomats said.

"The 3 percent is more of an aspiration than a firm commitment," a senior European diplomat said.

Another issue that will figure prominently in the NATO meetings is how to apply new technology to NATO's needs. A report will

be presented on the use of electronic warfare as a nonnuclear deterrent to Soviet conventional forces.

The techniques include electromagnetic means of collecting information and stopping weapons, sensors to detect the enemy's movements, and jamming of enemy communications, according to Dr. Vitalij Garber, NATO assistant secretary-general for defense support, who will present the report.

Other issues likely to be discussed are East-West trade and its relation to the sale of sensitive technology. Poland and Afghanistan will figure informally in the meetings.

Relations With Tehran Discussed at Summit

By William Dzordziak
Washington Post Service

WILLIAMSBURG, Virginia — Foreign ministers at the economic summit have agreed that they should seek ways to reciprocate Iran's recent overtures to improve relations with the West.

In dinner conversations Saturday night, the seven foreign ministers concluded that Iran has embarked on a campaign aimed at breaking its isolation as a diplomatic pariah.

Several of the ministers reported being approached in recent months by Iranian envoys carrying conciliatory messages, seeking enhanced trade and political contacts. They agreed that such approaches should be encouraged in order to nudge the Tehran government toward moderation and, in particular, to thwart chances that it could fall under the influence of the Soviet Union.

Leaders Vow Recovery

(Continued from Page 1)

about the effect of high deficits in future years.

The European leaders, however, have made a direct link between the red ink and high interest rates. They say the interest rates are keeping pressure on the dollar in comparison with other major currencies.

A strong dollar means oil and other commodities are more expensive to foreign buyers because those products are priced in dollars.

The draft of the final declaration, according to United Press International, said this on other points:

• **MONETARY POLICY:** A call for "disciplined nominalization," growth of money supplies and "appropriate" interest rates. France has an inflation rate of 9.7 percent and Italy has an inflation rate of 16.4 percent.

• **EXCHANGE RATES:** A call to "improve consultations" and work toward closer "convergence" of economic policies to tame wildly fluctuating exchange rates between currencies. The draft annex stopped short of any explicit commitment for an international monetary conference, such as Mr. Mitterrand has suggested. The French franc hit a new low against the dollar as the final session was being held.

• **PRODUCTIVITY AND EMPLOYMENT:** The draft pledged to enhance the "flexibility and openness" of the seven economies in financial markets, to encourage research and development and productive investment, and to increase cooperation on "structural" economic problems involving energy, regions and different industries.

The nations together have 22 million unemployed workers.

• **COORDINATION:** "We shall continue to assess together regularly in this framework the progress we are making, consider any corrective action which may be necessary from time to time and react promptly to significant changes."

In language still being polished Monday morning the summit participants also agreed that help for the Third World was essentially linked with free trade, and that the nations should work to halt any protectionist tendencies and, in the future, work to roll back existing tariff barriers.

The summit conference offered little immediate hope to developing countries that together owe the West more than \$600 billion in debts that they are finding it harder than ever to repay.

"We view with concern the international financial situation and especially the debt burdens of many developing countries," the statement said.

The seven said they would work for a strategy based on effective policies within the Third World, adequate private and official financing, more open markets and worldwide economic recovery.

But there was no promise of the huge infusion of aid funds sought by Asian, African and Latin American governments.

However, the Kremlin does not seem interested, Mr. Weinberger said, in other "confidence-building" measures that Mr. Reagan proposed recently to reduce the possibility of accidental nuclear war. Those proposals included cooperation against terrorist activities, regular meetings between Soviet and U.S. military officers and increased diplomatic links.

They basic response to that was "Their basic response to that was a pretty good system," Mr. Weinberger said.

There is nothing whatever to the suggestion that we have been insincere or lagged or indeed ineffective in our proposals," Mr. Weinberger said.

In a related matter, Mr. Weinberger said the Soviet Union has responded favorably to Mr. Reagan's proposal to improve the quality of the "hot line" communications link between Washington and Moscow.

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An Odd Couple in Southern Africa

Black-Ruled Mozambique Still Relies on Pretoria

By Alan Cowell
New York Times Service

MAPUTO, Mozambique — In the view of Mozambique and other black-ruled African nations in this region, white-ruled South Africa is a focus of evil; a government that preys on its neighbors' frailties.

But the relationship is more than that, for the demons is also a kind of provider.

A history of colonial dependence has left Mozambique heavily reliant on a neighbor whose policies of racial separation it abhors but whose military and economic strength cannot be ignored.

The electricity here, for instance, comes from South Africa, so that, should Pretoria wish it, this city and its faltering industries could be brought to a halt.

Figures are not published, but it is generally acknowledged that South Africa is Mozambique's biggest commercial partner.

About 40,000 Mozambicans work in South African mines, and hundreds of thousands more hold down menial illegal jobs, providing a source of hard currency.

The Cahora Bassa Dam in northern Mozambique feeds electricity to South Africa and not to the country in which it is situated. The dam supplied about 9 percent of South Africa's electricity in 1978; in 1979, the sale of electricity brought about \$50 million to Maputo.

Of the trade that passes through the port here, half is South African, underscoring Mozambique's traditional role as a distribution center for a hinterland dependent on the good will of good fortune of others.

The relationship between the two countries is complex, for mutual political antipathy is translated on the ground into backing for each other's armed enemies.

Mozambique, a senior official said, will not, for instance, abandon its support of the African National Congress, the most prominent

movement fighting South Africa's apartheid system of racial separation. Yet the consequences of its commitment are unpredictable.

East week, South African planes swept over Maputo in a reprisal raid following a car bombing in Pretoria for which the ANC claimed responsibility. The message was clear: Mozambique is vulnerable, and South Africa can, with impunity, invade and disrupt and destroy.

The Pretoria attack, and its retaliation, followed several months during which the uneasy neighbors had sought to establish a relationship that, if not intimate, at least averted a blossoming of conflict that could involve other powers.

The United States is said by well-placed officials here to have encouraged the overtures between the two nations, which began last December when ministers from the two sides met.

They met again at the same place in early May, and Mozambique officials have made clear that, despite the air raid, they would attend another meeting.

The bargain that is sought, and which coincides with the Reagan administration's public quest for a broad reduction of tension in this area, seems clear.

South Africa, seeking a non-aggression pact, wants Mozambique to block the transit corridor that enables ANC units to infiltrate through Mozambique and Swaziland into South Africa.

Mozambique, in turn, wants South Africa to withdraw its evident — if often denied — backing for the Mozambique National Resistance, a group of as many as 12,000 rebellious Mozambicans that is causing havoc in many areas of the country.

Mozambique could be ruined by South Africa, and that appears to be the reason that its leaders have sought to disperse concentrations of ANC personnel in its capital.

And have moved some of them to the northern province of Nampula.

Mozambique, too, appears to have adopted a view whereby South Africa, as an independent nation, cannot be placed in the same category as, say, Zimbabwe. When Zimbabwe was still Rhodesia, the Maputo authorities openly supported; and Mozambicans fought in a guerrilla war against the white-minority colonial regime there.

Thus, it is ideologically possible for Mozambique to argue that South Africa's iniquities are a matter for internal resolution, not overthrow from without.

In the Mozambican point of view, South Africa's own attitude the authorities here is not without ambiguity. The activities of the resistance movement, which have led to conditions in some provinces said to resemble anarchy, have brought great instability and a challenge to the government of President Samora Machel.

Yet, a senior official said, South Africa does not seem to perceive an interest in engineering its overthrow.

"It makes more sense for South Africa to have an unstable Marxist regime on its borders," said the Mozambican official, "than to topple Machel and replace him with a client state that would cost a lot to support."

So far, President Machel has not called on his Soviet and Cuban allies for aid against the South Africans, and there is a strong feeling among Western diplomats and Mozambican officials here that he is loath to do so.

He has called in Tanzanian training troops, and more than 1,000 Zimbabwean soldiers are guarding an oil pipeline and a road in the north. But his message has been that support from non-African countries will not be invoked unless there is a direct South African invasion.

The agency was considering his request for political asylum.

A South African Defense Force spokesman said only that the report was under investigation.

Lieutenant Eckert was born in Mainz, West Germany, and his parents emigrated to South Africa when he was 7, AIM said.

Quoting a source in the Information Ministry, the agency said Lieutenant Eckert told Mozambican officials that he fled "to show that there are also whites inside the South African armed forces who do not agree with apartheid."

A week ago, South African jet fighters raided suspected bases in Mozambique of the African National Congress, which is trying to overthrow the South African government. The raid was in retaliation for a car bomb set off May 20 by the ANC in Pretoria, which killed 19 persons and wounded 216.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Death in El Salvador

Memorial Day will have had a poignant meaning for the family of Albert A. Schaufelberger 3d, USN, the first American advised to die in El Salvador. He was sent to that country to help save it from the savagery that claimed him. Who were his executioners? A distraught United States official had this first response: "It could have been from the left, it could have been from the right. You never know here."

That could serve as an epiphany for a policy as well as an officer. A confused civil war in a confused region has jarred an administration with a taste for simplistic analyses and prescriptions. Thomas Enders, the State Department's chief of hemispheric affairs and a tough-minded pragmatist, has now been replaced for the offense of thinking otherwise.

The essence of the Salvadoran tragedy is that no one is certain who the villains really are. Or where they are. Death came to Mr. Schaufelberger not in battle but on the streets of San Salvador, at the hands of four gunmen in a bloody trade.

The deed was apparently ordered by the most radical of guerrilla factions to disrupt a planned sweep by the Salvadoran Army. But you never know in El Salvador, and North Americans there had plenty of reason for a panicky suspicion that right-wing death squads were to blame. The three-year-old civil

war has resulted in about 30,000 civilian deaths, most at the hands of government security forces. Eight U.S. civilians are among the dead or missing, but Salvadoran courts have yet to convict a single killer. To all this Ronald Reagan has an incisive reaction. Whatever the faults of "our" side, the other fellows are worse: Witness the execution of a young U.S. adviser. The only proper response to leftist violence, he contends, is to send more guns and advisers, and to appeal to guerrillas to lay down their arms and join in a November election under an interim government that they have ample reason to distrust.

It would better honor a fallen U.S. citizen to acknowledge the messy realities of El Salvador. The Reagan administration insists that the insurgency provoked the repression it deplores, but the reverse seems closer to the truth: It is repression that ignited the insurgency, and helps crucially to keep it alive.

In this civil war, good and decent men are on both sides of the barricade. Bringing some of them together is the key to any durable social peace. That is a purpose Americans could applaud, and it would give meaning to an adviser's death. What will prolong El Salvador's agony is the attempt to impose on this muddle the false tidiness of a simple crusade.

—THE NEW YORK TIMES.

The Mariel Misfits

Fidel Castro has done few things nastier than slipping several thousand criminals and other misfits into the group of 125,000 people that he allowed to set sail for Florida from the port of Mariel in 1980. Humanitarian feeling and public pressure led Jimmy Carter to welcome them all with "open arms," and without the usual screening.

Though most of the Mariel group fitted in fine, the misfits have inflicted a difficult burden, and have rebuffed quiet U.S. efforts to return them. So the State Department had some reason to go public and to demand that Cuba now take them back. Otherwise, the department said, the United States will deny immigrant visas to all but the immediate relatives of U.S. citizens.

No doubt the United States can cause Cuba a certain embarrassment by reminding everyone of the nastiness of 1980. The Cubans may also be concerned that the United States is closing off part of its traditional emigration safety valve. We wonder, however, whether the new tactic is likely to be effective or wise.

In the immigration categories that would now be formally closed, visas have not been given anyway since the Mariel days of 1980; this was done after Cuban police rounded some 400 desperate visa-seekers into the American mission in Havana. Nor is it apparent that the United States has any new leverage.

—THE WASHINGTON POST.

Other Opinion

A Trickle-Down Recovery

The distinguishing feature of Williamsburg is that for the first time since the summits began, the economics and economic policies of the Big Four among the seven are in general harmony. The United States, Japan, West Germany and Britain all have governments that subscribe to free-market, as opposed to socialist, principles. All have brought inflation under control. All are experiencing, or expecting, recovery.

The starting point for recovery lies with the perception that the front four can be what are known as "inoculators" pulling the rest along with them. The Europeans and Japanese also believe that the American deficit must come down for recovery to last. But so does Ronald Reagan.

A new emphasis is emerging on making it possible for debtor and other countries to earn their way back to prosperity through enhanced trade. With Secretary of State George Shultz in the lead, the advanced countries are pushing for a leap forward in fighting protectionism in all its forms.

What emerges from all this is a kind of free enterprise scenario for global recovery over the next two years. It is far from perfect. It involves a very slow retreat from high unemployment in the industrialized countries. It spurs recovery to the rest of the world by a trickle-down process. But no other mechanism for managing the world economy exists.

—Syndicated columnist Joseph Kraft.

The Kurdish Factor

That the Turks should have decided to send troops in brigade strength into Iraqi territory, and without Iraqi opposition or protest, suggests that Iraqi forces had been withdrawn to face the Iranians (and possibly Syrians).

If Iraq were weakened further, as a result of its continued losses at the hands of Iran, there

can be no certainty that its government would not continue to denude its Kurdish provinces bordering on Turkey of troops. But how far could this process continue without further unrest of a kind that might draw more and more prolonged Turkish intervention into this turbulent but oil-rich area, where Kurds, Turks and Turkomans outnumber Arabs?

—The Daily Telegraph (London).

The Need for Cooperation

At their present stage of development, the financing needs of many of (the poorest) countries are very long-term needs, which only public aid can help to meet. This poses a very difficult problem when, in their fight against inflation, industrialized countries are often having to make cuts in their own budgets. They do not find it easy to explain to their taxpayers that they must increase taxes and reduce certain domestic social programs while maintaining aid to developing countries. Nevertheless, we at the United Nations are convinced that this is justified for overall reasons of international equity as well as from the viewpoint of the genuine long-term interests of the richer countries themselves.

In a way, we should consider cooperation among industrialized countries just as important as cooperation with the countries of the South. If the Western countries do not succeed in overcoming the tensions dividing them at present — commercial tensions among Japan, Europe and the United States, and certain political tensions — there will be no chance of their developing in a spirit of cooperation, peaceful relations with the South. That means, in my view, that the South has an interest in the North's strengthening its internal cooperation. The need for cooperation is indisputable.

—Jean Riper, UN director-general for development and international economic cooperation, in Development Forum (Geneva).

FROM OUR MAY 31 PAGES, 75 AND 50 YEARS AGO

1908: Four-Nation Balloon Race

LONDON — Thirty experienced aeronauts, representing Great Britain, France, Germany and Belgium took part in the great international balloon contest [yesterday] and ascended from the grounds of the Hurlingham Club in the endeavor to reach a point just west of Maidenhead, which was decided upon by the committee as the winning post. The process of inflating the balloons began in the early hours of the morning under the care of a large body of Royal Engineers. In the first hour eighteen balloons had been dispatched. Late in the day the winner was declared officially to be England's Mr. Pollock, whose Valkyne descended within 300 yards of the winning post.

1933: A New View of Tariffs

LONDON — An important indication of the American attitude toward tariffs was given by Ambassador Bingham at his first official public utterance. He referred to the "really incredible" recovery of hope and courage which followed the inaugural address of President Roosevelt, and to changed attitudes by the American people through their misfortunes. The ambassador said, "For years the majority of American people believed that the higher the tariff the higher wages and the general level of prosperity in the country would be. Now they have learned the grim lesson that with the highest tariffs the country has ever had, more than 13 millions have no wages at all."

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From the Summit, a Climb up to Tokyo

By J.W. Anderson

TOKYO — By the time the Williamsburg meeting finally opened, interest in it here had fallen close to zero. The real question was what comes next. There the Japanese interest, not to say anxiety, is quite sharp.

After Williamsburg, there is a list of subjects dividing Japan and the United States that are going to have to be discussed, though in less spectacularly public circumstances.

According to one authoritative view here, the most important of these subjects is monetary policy and the exchange rates.

The precise amount is a matter of argument, but there is no doubt that currently the yen is low and the dollar high in terms of each other. The reasons lie in the flows of international investment and speculation. But the effects are drastic.

A low yen keeps the prices of Japanese exports low in foreign markets, and more fiercely competitive than ever, while a high dollar means high prices for U.S. goods abroad. Not only are the present rates out of line, measured by the things that they can buy, but they keep moving against each other with great volatility.

In Japan as in most industrial countries, the constituency for stable exchange rates is, above all, the manufacturing industries. As an economist here observed, a company can knock itself out to shave production costs by 1 percent, only to see all its efforts nullified in a single afternoon by a random swing in the exchange markets.

But there is no more agreement here on remedies than there is in Washington or New York. The

Japanese government does not consider it realistic to talk, as the French have, about a return to the fixed-rate system that collapsed a decade ago.

The serious debate is over intervention. Theoretically, governments can intervene in the exchange markets by buying and selling currencies. In practice, it is not at all clear that even governments have the resources to counteract the tremendous tide of private money now running through the international banking system.

If you go to government or corporation offices you are likely to hear the case for centralized stabilization by an alliance of governments to hold rates at least within a broad band. According to this view a display of determination by the most powerful governments working together would dampen speculators and serve to steady rates.

If you visit banks and financial specialists, you are more likely to be told that attempts at intervention are merely a very fast way to lose a lot of public money without accomplishing much. According to this logic, the only real hope for stability is to get inflation rates down in the major trading countries — the Japanese rate is now close to zero — and remove the inflation differentials that offer opportunities for speculation.

In any event, there is little hope of any dramatic improvement soon. That is unfortunate, because the misaligned and unstable yen-dollar rates are contributing powerfully to the pressure for protec-

tionist legislation in the United States, and to the charges of unfair Japanese trading practices.

If the yen is undervalued in terms of the dollar by 10 to 20 percent, it gives a price advantage of perhaps \$750 to \$1,500 to a Japanese compact car sold in the United States — a devastating handicap to the American competition.

To take the long view, the misalignment of the currencies is temporary in the sense that it is likely to remedy itself over the coming years, if not in the next few months. One cause of it is the high American budget deficit and the high interest rates that it generates — which, let us hope, will not persist forever. On the Japanese side, the yen is depressed by the heavy outflow of capital investment.

There is a widespread opinion here that investment opportunities are currently better elsewhere in the Pacific basin, including North America, than in Japan. That thought stirs Americans who are accustomed to complaining about the resilience of Japan's. But money is moving out of Japan this year — although again the trend will not last forever.

Regarded from this side of the world, Williamsburg appears to be in some danger of ending up as a symbol of political evasion. The seven great powers of the industrial world have invented a system of international trade that has made them rich beyond all expectation. But they are now beginning to realize that they have not yet found a way to govern and manage it.

The Washington Post

France's Fears Over U.S. Deficit

By Hobart Rowen

WILLIAMSBURG, Virginia — Despite the well-publicized disagreements between France and the United States, President François Mitterrand and at least part of the Reagan team are in accord on the matter of cutting the deficit.

All is not sweetness and light, however. Just after Mr. Mitterrand's election two years ago Claude Cheysson, the French external relations minister, journeyed to Washington and succeeded Treasury Secretary Donald T. Regan to promise to intervene, if necessary, to bolster the French franc. But, as one inside source said, "Cheysson was sent packing."

And as the economy worsened under the Socialist program, the French have become increasingly bitter. They have become a different American attitude. In 1974, after Giscard d'Estaing's election, they got a secret promise of help from the U.S. Federal Reserve, which was carried out with the aid of the German Bundesbank.

So tensions have been growing. They were exacerbated after the Vassal summit last year, when Mr. Mitterrand and Mr. Reagan exchanged charges of broken promises.

Then, three weeks ago, Mr. Mitterrand invited foreign ministers and finance ministers who were meeting in Paris to an Elysée Palace reception, presumably for a drink and some cordial chitchat.

What they got, while standing in an ornate Elysée ballroom, was a speech calling for a conference "at the highest level" to restore the fixed-rate international monetary system.

Such a system is completely contrary to current American policy, and the president's surprise pitch angered some of the listeners.

But what Mr. Mitterrand is really after, as has become clear during the summit, is a new willingness of the U.S. government to reduce its prospective budget deficits in later years. These deficits, Mr. Mitterrand believes, could cut short the global recovery, keep unemployment high, and add to the social unrest already troubling France.

This is the French analysis of the current economic situation. The fragile economic recovery that may be getting under way now, with the United States in the lead, will not be strong enough to bring unemployment — 32 million in the industrial world — down to politically acceptable levels. The fear in Europe is that because of the prospect of continued American deficits, interest rates will move up, cutting the recovery short.

Europeans also contend that high interest rates caused by these deficits suck away capital from Europe and elsewhere. Not only is the U.S. deficit thus partially financed by overseas money, which then cannot be invested at home, but the expensive dollar is a burden for countries like France that pay for oil and some other imports in dollars.

From a purely selfish American viewpoint, they add, Mr. Reagan should understand that the overvalued dollar limits U.S. export potential, and brings out protectionist tendencies.

The anomaly is that this sober European analysis of the current economic outlook is identical with the private view of at least two high Reagan administration officials, who believe that the administration must put \$45 billion to \$50 billion in additional taxes on the books by Jan. 1, 1985, or risk an economic crisis. The taxes would be "triggered off" later if the deficit falls below some designated level.

A White House spokesman said firmly after a recent story in The Washington Post that such a "trigger off" tax plan does not yet have the president's blessing. And that is why some Reagan advisers, although they cannot say so publicly, were hoping Mr. Mitterrand and other heads of state and government would impress the president during the summit with the global danger of record American budget deficits.

The Washington Post

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

LETTERS TO THE EDITOR

The President's Clothes

By Alan Baron

Women, among others. For the Democrats to win, that must change.

The second trait a candidate must convey is effectiveness, the perception that he has the ability to get things done. This is Mr. Reagan's most vulnerable area: he is hurt by his background as a movie actor, his age, the feeling that he is out of touch and too inflexible.

For a Democrat to win, he will need to use issues to demonstrate that he will be independent and

By Hobart Rouse



Prime Minister Indira Gandhi addressed a mass meeting on Sunday in Nainital, India.

IIndira Gandhi Campaigns in N. India; 0 Hurt in Pre-election Clashes

By Hobart Rouse

Indira Gandhi opened a three-day campaign in the northern state of Jammu and Kashmir on Monday for next week's election, marking the National Conference's first major victory in the state since Mrs. Gandhi's Con-

stituted by what she called "treats and violence."

The news agency reported that 1,000 people were hurt in Sunday's clashes. The violence, in which rival groups used knives and hurled stones, broke out as a convoy of trucks and buses carrying National Conference supporters drove through several villages in the Kashmir valley, the Press Trust said.

In one township there was an exchange of gunfire between two groups, and there were also reports of vehicles being burned and shops and houses looted, the Press Trust said.

Alleging that the National Conference had resorted to violence, Mrs. Gandhi asked: "Is this democracy?"

She said the Congress-I Party be-

ing intimidated by what she called "treats and violence."

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The National Conference Party is led by Chief Minister Farooq Abdullah, son of Sheikh Mohammed Abdullah, who died last September. Sheikh Abdullah dominated Kashmir politics for 50 years. His memory and political legacy are major obstacles to Mrs. Gandhi's party in its bid to capture power in the state.

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The new report was financed partly by the Heritage Foundation and partly by professors who donated their time. Reagan administration officials have declined to embrace the new report as official policy, Mr. Simon said. But he said it represented a position more compatible with the current government than did the earlier report.

Mr. Simon attacked the 1980 Global 2000 report, saying: "Fortunately for this planet, these gloomy assertions about resources and environment are baseless. The facts point in quite the opposite direction."

The 1980 report said: "If present trends continue, the world in 2000 will be more crowded, more polluted, less stable ecologically, and more vulnerable to disruption."

By contrast, the report presented Sunday at the annual meeting of

the American Association for the Advancement of Science offered completely different conclusions.

"If present trends continue, the world in 2000 will be less crowded, less polluted, more stable ecologically, and less vulnerable to resource-supply disruption than the world we live in now."

Environmentalists and other scientists at the meeting disputed

many of the points in the new report.

George McCullough, a consultant to Earthwatch, acknowledged that the original Global 2000 projections might turn out to be wrong, but he said that is "not the point."

"The idea was to call attention to the fact that we are destroying our habitat," he said. "That is still true."

The world is not being rapidly deforested, contrary to popular impressions, said Roger Sjöö and Marion Clawson of Resources for the Future. The United States is adding forest, not losing it, they said, but in some other locations around the world the land is being stripped and such situations are "common and serious."

Any danger to the world climate from increasing carbon dioxide in the atmosphere is much exaggerated, according to Helmut E. Landsberg, professor emeritus at the University of Maryland. The increase in carbon dioxide noted in recent decades may simply be part of a normal fluctuation over centuries, he said.

Soil erosion is declining in the United States, contrary to current reports, and farms where there had been erosion problems are now nearing a level of "tolerance," the point at which a farmer can lose soil to erosion and still maintain high crop production, according to Earl R. Swanson of the University of Illinois and Earl O. Heady of Iowa State University.

After three years teaching engineers and scientists in Moscow, he was sent back to Latvia as Soviet forces occupied the Baltic states in 1940. He took up a key party post in charge of propaganda and agitation, only to leave the same year when Russian troops pulled out in the face of advancing Nazis and to return again in 1945.

Other deaths:

James H.J. Tate, 73, mayor of Philadelphia from 1962 to 1972, Friday at his home apparently of a heart attack.

John Davis Williams, 81, chancellor of the University of Mississippi from 1946 until 1968, Sunday after a long illness in Oxford, Mississippi.

Erastus Corning 2d, 73, Democratic mayor of Albany since 1942 and the country's longest-serving big-city mayor, Saturday in Boston, apparently of a heart attack.

Jack Nelson, 49, founding president and director of the National Securities Clearing Corp., Sunday in New York following a brief illness.

Laura McCoy, 93, who was believed to be the first black woman

to lie in state at the U.S. Capitol, died of a heart ailment.

and read "TROUVAILLES".

Ontario Reopens Case of 'Sick Kids' Deaths

By Hobart Rouse

On — The newspaper

referred to it as the "case," a reference that be widely and immediately throughout Canada and unresolved

into the suspicious

three years ago of as

infants at the city's

Sick Children.

ars after detectives and

confirmed that at least

babies had been mur-

than a year after a

prosecution against a ho-

was thrown out of court

extensive press attention

to be the subject of a

ring that will test the

of the hospital, the po-

e prosecution.

we are seeking is a public

" said Roy McMurry,

attorney general, who at-

the hearing after endur-

the way the case has

handled.

he was aware that his

would come under scru-

review, which is to begin

but added that he was

let the chips fall where

in order to establish

suspicion.

all the suspicious

arred between July 1980

in 1981, a new note of

as added Wednesday, as

lab technicians testified at an in-

quest that the body of a six-and-a-half-month-old boy who died in the cardiac ward in mid-April was found to have an abnormally high level of digoxin, the same cardiac drug thought to have caused the earlier death through overdoses.

The hearing, which is expected to continue for several months, is being conducted by a specially convened Royal Commission, which has subpoena power, but lacks the authority to establish guilt or assess penalties. It will be the first time that such a panel has been used in connection with specific crimes.

The purpose of the inquiry is not to attach criminal culpability," said Mr. McMurry, who acknowledged that he chose to use the commission after normal approaches had failed and the police investigation had become stalled. He added that the issues were further complicated by the existence of pending civil suits that could theoretically be affected by testimony at the commission hearing.

Mr. McMurry said it was even technically possible that a witness at the hearing might confess guilt and never be prosecuted, since testimony at a Royal Commission cannot be used in a criminal trial without independent legal substantiation.

But despite Mr. McMurry's repeated admissions on the limitations of the hearing, the appointment of the commission has raised

hopes that enough facts may emerge to establish how many infants were killed, how they were murdered and, if not who killed them, what the motive for the death might have been.

The mystery started in the summer of 1980, when the number of deaths in a cardiac ward at the hospital started to rise above the statistical average. By autumn, doctors and nurses from the hospital had conducted a mortality review of three cases for which there were no ready explanations for death.

By January, a similar hospital committee had reviewed the cases of 22 children between the ages of 9 days and 12 months who had died in the ward. They found that 15 had died for unaccountable reasons.

Under Canadian law, proceedings at a preliminary hearing like those of a grand jury in the United States, cannot be publicly reported. Consequently, few facts about the case were uncovered and few fears were dispelled with the dismissal of charges.

For a while, the hospital imposed a news blackout while official inquiries were under way.

Then, doubts were compounded when only limited parts of subsequent official reports were selectively revealed.

The attorney general did, however, announce that the Atlanta group concluded that at least seven babies at the Toronto hospital died in 1980 and 1981 from an overdose of digoxin and that 21 other infant deaths there "were not inconsistent with digoxin overdoses."

More Sierra Leoneans Escape Into Liberia

By Hobart Rouse

MONROVIA, Liberia — Nearly

4,000 refugees from Sierra Leone have fled to Liberia to escape political violence in the last 11 days, government officials said Monday.

Liberian officials said 674 refu-

gees arrived at the border over the weekend. They said this brought the total to nearly 4,000 who have crossed the border from southern

Sierra Leone.

Under the terms of an economic aid pact signed last week, the Foreign Ministry said Monday.

There followed three years as Communist Party watchdog of the Baltic Fleet, then attendance at the Institute of Red Professors, followed by high-level party supervision of state farms in Kazakhstan.

French Flour to Nicaragua

PARIS — France will send 7,300 tons of flour to Nicaragua as part

of an economic aid pact signed last

week, the Foreign Ministry said

Monday.

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ARTS / LEISURE

Fake Food Becomes a Real ArtBy Suzanne Slesin
New York Times Service

NEW YORK — In Japan many restaurants put fake food in their windows, where it serves as a sort of visual menu. Every time Yoshiko Ebihara, a SoHo gallery owner, went to Tokyo, she found herself buying examples of the incredibly realistic fakes.

Eventually Ebihara began to think that she might like to exhibit them in New York, not as the craft that they represent but as an art form. The only reason she hesitated was that, she said, "American people might not understand it if all we had was sashimi." So she tried to talk Minoru Iwasaki, president of the Tokyo concern that makes much of the fakes, into trying his hand at reproducing Western foods.

At first Iwasaki was not convinced — "he could only see the things as samples, not as art," Ebihara explained — but she persevered and he gave in. The result is an inaugural show of 30 pieces at Gallery 91 in SoHo. The show, entitled "The Real Art of Fake Food," continues through July 16.

The presentation of fake food in Japan dates from the 1920s, when restaurants started serving Western-style fare. Along with fake examples of sushi and tempura, lesser-known items were reproduced and displayed with their prices so that customers might be convinced to try something new. Reproductions are also used in advertising promotions and shop displays and as educational props, and they have recently been incorporated into accessories such as key rings and hanging magnets.

The reproduction process involves pouring a silicone gel over the raw or cooked food to be copied and letting it set. A liquid wax



Gene Maggio, Minoru Iwasaki, The New York Times
Fake spaghetti comes complete with forks; Minoru Iwasaki (far left) joins Yoshiko Ebihara in the gallery with some phony bread.

mixed with oil paint is brushed onto the resulting mold and more wax and layers of cotton wool are put into it. When the copy has hardened it is removed from the mold and painted. In Japan the Iwasaki company employs more than 800 craftsmen; it has been estimated that there are 2,000 all told.

"There are no rules, no technique, no school where one can learn to do this," said Harry Fujita, Iwasaki's Los Angeles representative. "The final effect is the only thing that counts."

It is the realistic painting of the objects that is the mark of the out-

standing craftsman. "Cooked things are easier to copy than things that come from nature," Fujita said, "and because a lot of Japanese food, like sashimi and vegetables, is served raw, it is difficult to match the natural colors. Chinese food is the easiest of all."

"When you try and copy what God created that's the hardest," said Iwasaki, whose remarks were translated by Fujita.

Displayed in Ebihara's white-walled gallery and all looking good enough to eat are tomatoes glistening with drops of water, partly peeled bananas, sectioned oranges, half-open peanuts, cascading

cashews, cornichons falling out of a jar, chocolates nestled in a box, pork chops swimming in gravy, a bulging platter of rolled cold cuts sprinkled with olives and crowned with potato salad, a gooey sausage pizza, and a table covered with seafood and fish.

If they are not good enough to eat they are at least good enough to touch — to make certain they are not real. Salmon, hanging on the wall, and lobsters are the most realistic. Some of the Western food, especially a side of roast beef and a T-bone steak, looked real enough but not particularly appetizing.

That may be because Ebihara wanted to exaggerate the qualities of some of the Western fare.

Prices range from \$130 for a glass of red wine to \$1,300 for a large lobster. Gallery 91, at 91 Grand Street, is open Tuesday through Saturday from 1 to 6 p.m.

By Michael Zwerin
International Herald Tribune

PARIS — Sir Douglas a.k.a. Doug Sahm who once made an album called "Texas Tornado" was in a noisy cafe near the Garde de l'Est very early one morning last week before driving to Amsterdam in a beat-up VW bus and after working very late the night before.

If this is a sleepy Sahm, Sahm wide-awake must break records: "New York hustlers dig me, man. I'm more at New York speed than Texas speed."

Sahm is one of those responsible for that joyful blend of blues, country, rock and Mexican music that came to be called Tex-Mex. He had a local hit in his native San Antonio, Texas, when still a teenager (he's 41 now) with a band called The Knights; he moved to flower-child San Francisco in the mid-1960s and formed the Sir Douglas Quintet, which had a national hit, "She's About a Mover," and then a bigger one, "Mendocino."

The sound consisted of his own thick voice backed by simple staccato guitar chords and "garage band organ" from Augie Meyers who's still touring with him. In 1973, after some commercial flops, he made "Honky Blues" (Atlantic), which included Bob Dylan and Dr. John as sidemen. While Sahm will tell you proudly that George Coleman (once with Miles Davis) played saxophone and Jimmy Kaupper (ex-Charles Mingus) trombone on the album and never mention Dylan, later, "Groover's Paradise" (Warner Brothers) featured the rhythm section from Creedence Clearwater Revival, and Creedence drummer Doug Clifford is still touring with him.

Sahm moved to Austin, Texas, in the late 1970s to join "hippy cowboys" like Willie Nelson, Waylon Jennings and Jerry Jeff Walker. He's one of those people who believe that making bad music for

money is a crime against nature. His recent album "Border Wave" includes a song that begins: "It was good while it lasted, Gee we really got blasted."

"Hell no," he says. "I don't mind driving in a beat-up bus. Doesn't matter how I get there, main thing is I'll be in Amsterdam tonight. I'm doing what I like. Baseball and Clifford Brown bebop jazz, man. That's what I really like. My one regret is that I was born too late for the heyday of bebop — the Blackhawk in Chicago, 52d Street. I coach a softball team in Austin but I travel so much I got a subordinate coach. I go back every so often and whip them in line. Hey, waiter!"

"You ever meet Clifford Brown? I met Wes Montgomery once. My favorite record of all time is 'Kind Of Blue' [Miles Davis]. I love big horn sections like Bobby Blue Bland and Jr. Parker. I was going to tell you how I met Wes. Boy, my mouth is dry."

"They got awful good yogurt in Scandinavia. We just came from up there. Scandinavia's been keeping me even. You wouldn't believe it, my road manager's got to pull the fans away. In Trondheim we met a real Viking," he kept yelling. "Sir Douglas, I love you! I've probably seen more of Scandinavia than any Texan alive."

"Man, at the beginning I was real popular with Chicanos. White people didn't even buy my records. I was raised in San Antonio listening to conjunto music. Conjunto and small Mexican combos with accordions, like Flaco Jimenez. He's really the guy who put rock and Mexican music together. *Flojo* means 'skinny.' There's a band called Little Joe and the Family in San Antonio. They got rich just selling *mariachis* with tiny guitars, the *conjunto* and then big Latin bands like Little Joe.

"I can't stand this new rock weird music by weird people, man, it all sounds the same. We older guys come from the time when there were melodies. Ain't no melodies no more. You know if you ask McCartney or Bob Seger or any of the older singers who's Number 1, they'll all say Little Richard. Number 1 rock 'n' roll singer. My man.

"They got some good jazz horn players from Texas — Ornette Coleman, Harold Land, Jimmy Ford, I dig horns, man. One of my favorite all-time records is Bobby Darin [he starts to sing]: 'Oh the shark has pretty teeth dear.' Horns, baby! I got horns in my San Antonio band but they're all too stoned to leave so I get different bands to travel to different places. Waiter!

"They either kill you or kill for you in San Antonio. Some heavy cats, I'm moving there in September. They love to see purple-headed freaks: 'Hey, New Waver!' Smash, they'll nail 'em. In Toronto there are 10 homicides a year, sometimes there's 3 a day. In San Antonio [he sounds proud], Austin used to be full of long-haired cowboys, but now everybody's wearing purple hair. They want to make Austin the New Wave capital. I lead the opposition. I speak right up and say 'You're lame! They don't want you to speak up, it'll smash a guy's face. It's war, I tell you."

"The hippies were high, trying to



Sahm: "Europeans don't see people like us every day."

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"The hippies were high, trying to

get spiritual, listening to D dropping acid. These New York kids are downers; they're drunks. Quaaludes. They just ain't in the right direction. My favorite old Mexicans. Them cats, been smokin' that good smokes, ain't no New Wave about them their trip, I mean it, put his lights out in a New York minute."

"People say I'm a living legend, got my hippy cowboy image. That's what keeps it going. Europeans don't see people like us every day. Outrageous. Let's face it, we're in the entertainment business, might as well give people a show."

Sir Douglas Quintet, Rotterdam, May 31; Dingwalls, London, June 3.

Rameau Feted by Lavish 'Indes'By David Stevens
International Herald Tribune

PARIS — The lavish production of "Les Indes Galantes" at the Théâtre Musical de Paris (Châtelet) is one of the major events of the tricentenary celebrations of the birth of Jean-Philippe Rameau, as well as a significant updating of the best-known (in Paris, at least) of the 18th-century composer's stage works.

After being played for almost 30 years during the composer's lifetime, beginning with its 1733 Paris premiere, "Les Indes Galantes" returned to the repertory of the Paris Opéra in 1952 in a version that was hotly contested on scholarly grounds but which was nevertheless a long-running hit — 286 performances over almost 13 years. A lot of scholarship has passed over the dam since then in matters of early instruments and style, so that musically this TMP production — with the instrumental and vocal ensemble La Chapelle Royale under the direction of Philippe Herreweghe — is light-years away.

On the visual side, however, large-scale spectacle is still the name of the game, even if the machinery of baroque theater is a thing of the distant past. This *opéra-ballet* calls for grand effects and a feeling for the 18th century's taste for exoticism; its four acts have no common story line, but are a series of divertissements in imaginary "Indies" populated by Turks, Incas, Persians and American savages, and in which the occasional European visitor seems exotic too.

Pier-Louis Pizzi, who is responsible for the staging, sets and costumes, has brought his voluptuous sense of color and space to the task, and rather than trying for a scholarly re-creation of 18th-century theater practice, he seems to be taking a look through modern eyes, at the baroque genius for elaborate spectacle. At times it literally suggests early stage machinery, as in the constantly rolling waves in the scene of the "Turc genreux," but in any case the baroque spirit is always present. Even the raising of the curtain is a coup de théâtre — instead of rising into the flies, the skirt of the curtain is pulled up into the auditorium so that it becomes a canopy evoking a starry night.

Period dance, too, has benefited from research in recent years, and René Galiard's choreography succeeds in giving the impression of authenticity, with fast-moving steps kept close to the ground and

no trace of a romantic yearning for the stratosphere.

Aside from the sheer sound of the baroque brass and woodwinds, much of the musical pleasure in this production came from Herreweghe's lively handling of the important dance episodes; elsewhere, however, the conductor was somewhat soft-edged, making Rameau seem a less muscular and dramatic composer than he really is.

Vocally, there were no real weaknesses, but the result was stylistically mixed; the large cast was drawn from different sources and there probably was not enough time to impart real unity of style. Nor, in the nature of things, does stylistic sensitivity always come in the same package with vocal authority or stage presence.

Gregory Reinhardt brought both style and vocal strength to the roles of Bellone in the prologue and Huascar in the Inca scene, while Véronique Dietrich (Hébé, Zimba, Anne-Marie Rodde in the Italian air of the "Fête Persane," Gérard Garino (Don Carlos), and John Rath (Don Alvar). Sandra Brown brought a rich voice and plenty of presence to her roles (Phani, Ariadne), but sang as if she were in a different line of work than her colleagues: Maria Fauna, Galamini (L'Amour, Fatima), Robert Dean (Osman), Zeger Vandersteen (Valère, Damon), Jon Garrison

(Tacmas), Francoise Desnos (Roxane) and Tibère Radj (Adario) completed the cast.

Remaining Paris performances of this production are June 1 and 4 (and, on June 6, a co-production with Dijon); after which it is scheduled to be seen in Dijon (birthplace of the composer) June 13 and 14, at Venice, June 24, 25 and 26.

Among other new stage productions coming in the Rameau centenary are "La Guirlande" (Sébastien Izquierdo, June); "Hippolyte et Aricie" (Aix-en-Provence, July); "Pygmalion" and "Les Indes Galantes" and "Hippolyte et Aricie" are scheduled for transmission on French television in the fall.

Special celebrations on the composer's birth date, Sept. 23, are scheduled in Versailles and Dijon in the latter city's four-day musical conference on the composer and his works.

In addition, the French state among the supporters of a Five-Year Plan project for a critical edition of Rameau's *Œuvres* which is expected to take a decade and comprise about 40 volumes.

Over the past few years, imports from Japan, mostly express transit, have down the streets and the local cinema shows Hindi and English films. Western music is piped into the coffee shops that serve puccinos and locally distilled liqueurs.

Thimphu's population of about 20,000 makes do with a weekly news bulletin, a quarterly magazine and a three-weekly three-hour radio broadcast. Videocassettes are increasingly popular among the elite.

Residents say that crime is rife. Chief Justice Dorji, interviewed in his office in the supreme court, deals with three to four major cases a year.

Outside litigants awaiting trials sit under a shelter containing a large prayer wheel. In the courtroom, a six-judge bench sits from a local court. There are lawyers in Bhutan, but litigants are allowed to let someone well-versed in the law speak for them in court.

A very rare sort of case, it seems, is the chief justice. "Most of the cases are about land and inheritance. This one was in a room about way, about archery."

The aggrieved party alleged had been hit over the head with a stick during a challenge match between two villages, perhaps a more serious sort of contest, maybe.

But the city has been growing

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fast, mostly from Japan, down the streets and the local cinema shows Hindi and English films. Western music is piped into the coffee shops that serve puccinos and locally distilled liqueurs.

Thimphu's population of about 20,000 makes do with a weekly news bulletin, a quarterly magazine and a three-weekly three-hour radio broadcast. Videocassettes are increasingly popular among the elite.

Residents say that crime is rife. Chief Justice Dorji, interviewed in his office in the supreme court, deals with three to four major cases a year.

Outside litigants awaiting trials sit under a shelter containing a large prayer wheel. In the courtroom, a six-judge bench sits from a local court. There are lawyers in Bhutan, but litigants are allowed to let someone well-versed in the law speak for them in court.

A very rare sort of case, it seems, is the chief justice. "Most of the cases are about land and inheritance. This one was in a room about way, about archery."

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INTERNATIONAL BUSINESS/ FINANCE

MAY 31, 1983

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COMMODITIES

By H.J. MAIDENBERG

Options on NYSE Index Futures Provide Sort of 'Insurance Policy'

YORK — Chances are that the same investors who spend money to insure their homes, autos and other personal property seldom buy insurance on their investment portfolios. In fact, it's not a policy that can get from Aetna, Allstate or Prudential for insurance on one's stock investments can be secured for as little as 3 percent for each \$50,000 of portfolio value.

"Insurance policy" comes in the form of options on the New York Stock Exchange's composite index futures. The system was explained by Thomas G. Greenan, vice president in charge of stock index options trading at Shearson-American Express Inc.

"It's moment," Mr. Greenan said. "One can buy an NYFE September at \$3 and thus, in effect, insure a real or imaginary \$50,000 portfolio against a market correction for a premium of \$1,500, or 3 percent for three months."

A strategy is rather simple if one translates the market jargon. An investor is right, but not the obligator to buy (a call) or sell.

In this example, the September put would be an option to underlying index futures, which is traded on the Stock Futures Exchange (a subsidiary of the New York Stock Exchange), at the fixed price of 96.

At mid-September, the price would rise up to 96.

Investors can bet on a rise in the market for a modest outlay through call index options.

It would be the right to buy the same futures contract under the terms. Buying a put is the same as selling the market short, and is ordered by those seeking insurance against a decline in the value of options. Few options traders keep their contracts long enough to acquire the underlying futures contracts.

Mr. Greenan's example, it was based on the New York Stock Exchange's composite index futures. The cost, or premium, required to it on the September option at a fixed, or strike, price of 96, was a share. But the \$3 actually represents a cost of \$1,500 per

because the value of each index option is calculated at \$50,000. Thus, the original \$3 premium would actually cost \$1,500.

Determining the Option's Value

The value of the option itself is also determined by multiplying the total index figure by \$500. For example, the September NYFE option upon which the option is based is set at 97.25. This is in effect the value of the option was \$48,625.

Similarly, the premium cost for insuring nearly \$50,000 worth of a market correction for about three months works out to \$1,500. One can insure 100 percent of a portfolio against the market's value of the particular portfolio.

And, of course, one need not own any stocks at all to use options to play the market. By the same token, an investor can bet on a rise in the market's value by buying call index options.

Three Situations

In case, the investor who insures a portfolio with the September 96 index options faces one of three situations:

If the Big Board composite index of some 1,500 stocks does not rise from the level of 96 before the option expires in mid-September, the investor will lose the \$1,500 premium less its value as a tax deduction.

If the Big Board index should rise above 96 within that same period, the value of the investor's portfolio will also increase. But the appreciation will be lessened by \$1,500 — the cost of which would be worthless except as a tax deduction.

If the market and the index do plumb, the odds are that the portfolio will also go down. But each point drop in the index (the strike price plus the \$3 premium) will return \$500 to the investor. This should offset much of the loss experienced on the actual portfolio.

Decided to buy option puts as portfolio insurance, investors decide which options to use and how many. Currently, there are options that have no underlying futures and are settled in cash at maturity. These are the CBOE 100, traded on the Chicago Board Options Exchange, and the American Stock Exchange's 20-share Major Index. Two other options are based on underlying futures: the S&P composite and the Standard & Poor's 500, which is traded on the Mercantile Exchange.

Get the proper market and number of puts needed to insure a portfolio. Mr. Greenan and other brokers run the portfolio through a computer, which matches the composition of the holdings with those of current options. Once the best fit has been determined, the number of puts required depends on the amount of insurance the investor wants.

Options are available on only a relative handful of stocks. The stock options market, the Chicago Board Options Exchange, lists issues.

Options, on the other hand, allow investors the opportunity to entire portfolio against market declines.

The New York Times

Dollar Resumes Its Surge

LONDON — The dollar surged forward on European foreign exchanges Monday, reaching another record against the French franc. In Frankfurt, the British pound finished trading at its highest point in trading at its highest point.

In Paris, the dollar was fixed at 7.5495 francs, beating the record of 7.5325 set last Friday, when it moved above 7.5 francs for the first time.

Dealers said the already-strong U.S. currency was further boosted by increased expectations that U.S. interest rates would remain high, making it even more attractive to investors.

The also said the Williamsburg summit of the Western industrialized nations had shown no sign of any serious move to curb the dollar's strength on world markets by intervention.

Dealers also said the United States had little room for interest rate cuts following the news on Friday of a greater-than-expected rise in the basic U.S. money supply of \$2.1 billion. The increase followed a \$3 billion rise in the previous reporting week.

In Frankfurt, the dollar rose to its highest level for six months and the pound, strengthened by a growing belief in a Conservative victory in elections on June 9, closed at 4.036 Deutsche marks, its highest level since November last year.

The dollar closed at 2.5100 DM, just below the day's highs, but still up from Friday's 2.5075 close. In Zurich, it finished the day at 2.0897 Swiss francs, a sharp increase on Friday's close of 2.0780.

Financial markets were closed in Britain and the United States.

France, supported by Italy, has sharply criticized the high level of U.S. interest rates, which it said were attracting too much investment money to the United States and slowing economic recovery.

France asserts that every 10-cent rise in the dollar adds about two billion francs (\$265 million) to its annual trade deficit.

The Hong Kong dollar eased to 7.13 to the U.S. dollar from Friday's closing level of 7.07. In Tokyo, the U.S. dollar closed at 238.45 yen, its highest level since April 14, after opening at 237.95.

Such a change could greatly affect HCA's profit picture, since it derives about 41 percent of its patient revenues from the aged under Medicare. The for-profits, including HCA, favor the new incentive, contending they will now be able to show their stuff.

(Continued on Page 9, Col. 3)

The New York Times

EC Farm Subsidies Seen Over Budget

Reuters

BRUSSELS — The European Community's spending on farm subsidies is expected to soar about \$1 billion over budget to about \$1.3 billion in the first half of 1983, officials said Monday.

The overspending follows a large building in the 10-nation trading bloc's stored supplies of butter and cereals and will force governments to pay out about \$1.8 billion extra in farm subsidies over the whole of this year, they said.

Based on advance payments made by governments, spending during the first six months of the year would be \$1.1 billion European Currency Units (\$7.3 billion) compared with planned allocations of 7 billion ECU.

A steep increase in milk production has pushed up the Community's surplus butter stocks to about 460,000 metric tons, costing hundreds of millions of dollars to store.

The rapid increase in stocks prompted one specialist in agricultural policy to warn Monday that the agricultural budget is heading for shipwreck on the largest butterberg in the history of the Common Agricultural Policy."

The officials said that the Community's warehouses were bulging with surplus grain, with stocks expected to rise to around 11 million tons by the end of next month, double the level at the same time in 1982.

"We can just about afford the extra this year. But if it went on into 1984 we would be bankrupt," said one official.

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**ADVERTISEMENT
INTERNATIONAL FUNDS**

May 30, 1983

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on issue prices. The following symbols indicate frequency of quotations supplied by the IHT: (d) - daily; (w) - weekly; (m) - bi-monthly; (r) - monthly.

AL-MAL MANAGEMENT CO. S.A. UNION BANK OF SWITZERLAND: SF 24.00

BANK JULIUS BAER & Co Ltd (d) Bond-Invest SF 100.00

(d) Gold SF 75.00

(d) Stock SF 212.00

BANK VON ERNST & Cie AG PB 262.00

(d) C.P. Fund SF 14.00

(d) G.I. Fund SF 14.95

BRIITANNIA POS 271 St. Heller, Jersey DM 39.01

(d) Brit-America Income SF 9.35

(d) Brit-Universal Growth SF 1.402

(d) Brit-Gold Fund SF 77.00

(d) Brit-Japan Fund SF 78.00

(d) Brit-Jersey Gil. Fund SF 0.715

CHARTER'S INC GRAND TURK B.W.L. (d) Growth Strategies Fd II SF 1.74

(d) Land Strategies Fund SF 1.27

CAPITAL INTERNATIONAL (d) Capital Int'l Fund SF 2.72

(d) Capital Int'l S.A. SF 16.75

CREDIT SUISSE (ISSUE PRICES) (d) Credit Suisse Fund SF 38.25

(d) Corporate Fund SF 1.20

(d) C.S. Funds-Bonds SF 1.20

(d) C.S. Funds-Common SF 1.20

(d) Energete-Votor SF 12.25

(d) Euro-Pacific Fund SF 12.25

(d) Fidelity-Votor Fund SF 12.25

DITI INVESTMENT FFM (d) DITI Research Fund DM 20.47

(d) DITI Research Fund DM 73.82

FIDELITY POS 271 St. Heller, Bermuda (m) America Values Common SF 4.29

(m) American Value Fund SF 1.20

(d) Fidelity Australia Fund SF 2.29

(d) Fidelity Australia Fund SF 2.29

(d) Fidelity For East Fd SF 2.29

(d) Fidelity Int'l Fund SF 2.29

(d) Fidelity Int'l Fund SF 2.29

(d) Fidelity Pacific Fund SF 141.97

(d) Fidelity Pacific Fund SF 23.69

G.T. MANAGEMENT (UK) LTD (d) G.T. Management Fund Y 72.98

(d) G.T. Management Fund Y 1.20

(d) G.T. Auto Fund Y 1.20

(d) G.T. Bond Fund Y 1.20

(d) G.T. Investment Fund Y 1.20

(d) G.T. Investment Fund Y 1.20

(d) G.T. Jean Small Co Fund SF 2.29

(d) G.T. Alternative Sciences SF 2.29

INTERNATIONAL INCOME FUND (d) Hill St. Heller, Jersey SF 1.20

(d) Short Term A (Accum) SF 1.20

(d) Short Term B (Accum) SF 1.20

(d) Long Term SF 1.20

JARDINE FLEMING POS 70 GPO Rd Kg SF 1.20

(d) J.F. John Trust SF 1.20

(d) J.F. John Trust Fund Y 1.20

(d) J.F. John Trust Fund Y 1.20

LLOYDS BANK INT. POS 481 Geneva 11 SF 1.20

(d) Lloyds Int'l Dollar SF 1.20

(d) Lloyds Int'l Growth SF 1.20

(d) Lloyds Int'l Fund SF 1.20

(d) Lloyds Int'l Pacific SF 1.20

MERCHANT BANK & TRUST CO. LTD (d) Commercial Fund SF 1.20

(d) Industrial Fund SF 1.20

(d) G. Cortese International SF 1.20

(d) GBL-DM Fund SF 1.20

(d) GBL-Dollar SF 1.20

RBC Investment Mts. POS 246 Guernsey SF 1.20

(d) RBC Int'l Capital Fd SF 1.20

(d) RBC Int'l Fund SF 1.20

(d) RBC North Amer. Fund SF 1.20

SOFID GROUPE GENVEA (d) Partner Sw. R Est SF 1.20

SWISS BANK CORP. SF 51.50

(d) Swiss Bank Corp. SF 51.50

(d) Swiss Bank Selection SF 11.00

(d) Swiss Bond Selection SF 11.00

(d) Swiss Bond Selection SF 11.00

(d) Intersector SF 6.75

(d) Special Portfolio SF 21.15

(d) Univ. Bond Select SF 12.00

(d) Universal Fund SF 22.00

World's Top Port Jolted by Recession

By John Tagliabue

New York Times Service

ROTTERDAM — The freighter was called the Waterberg, out of South Africa with 2,400 containers on board. She moored recently in

the Prinses Margriethaven here, at the 2-mile-long (3.2-kilometer) Europe Container Terminus piers, which handle about one million containers a year.

Within a dozen, huge straddle carriers tracking the boxes with infrared beams began shifting the Waterberg's containers to rail cars for the trip to Rotterdam's vast inland market.

Rotterdam has become the world's busiest port because of this speed and sophistication at a place where two huge waterways, the Rhine and Maas rivers, flow into the North Sea and where railroads and highways fan out over a vast area of Europe.

Last year this port handled 250 million metric tons (about 275 million short tons) of cargo, compared with the 151 million tons that passed through Kobe, Japan, the world's No. 2 port.

But neither skill nor geography has spared Rotterdam the problems that afflict most major ports. The demise of the shipbuilding industry, with contracts going to lower-cost Far Eastern competitors, and the decline of world trade have jolted the region. And replacing jobs is becoming more difficult.

Fierce competition from neighboring ports, such as Antwerp in Belgium or Hamburg, for the decreasing volume of cargo has forced Rotterdam to resort increasingly to automated systems that handle more cargo faster but need fewer longshoremen.

Union leaders and some city officials blame automation for Rotterdam's 18 percent unemployment rate, well above the Dutch average.

Henk van der Poel, deputy mayor of Rotterdam, said: "We're handling more cargo than ever but with less labor-intensive methods."

But Jan Bisheuvel, director of commerce and finance at the Rotterdam Port Authority, said: "Basically, we're an energy port. And we're in a declining market."

The annual reports of the above companies for the financial year 1982 and for Nationale-Nederlanden Finance Corporation (Curacao) N.V. also report the Trustee are available free of charge to holders of debentures and mortgage bonds respectively at the office of the first mentioned company at 64 Mineralvaan, Amsterdam, The Netherlands.

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

West Germany

Volkswagenwerk
1st Quar. 1982 Profits (a) 100. 55
2nd Quar. 1982 Profits (a) 100. 55
3rd Quar. 1982 Profits (a) 100. 55
4th Quar. 1982 Profits (a) 100. 55

Options for June 19

Gold 43.50-45.00

FORTINAX DEVELOPMENT LIMITED
Bid: U.S. \$3.30, Asked: U.S. \$3.60.
As of date: May 30, 1983.

F.P.S.

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1012 PR AMSTERDAM, Holland.

Phone: (02) 20-2477/2293 Telex: 16336

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BUSINESS BRIEFS**De Benedetti Says Olivetti Seeks Substantial Cut in French Stake**

IVREA, Italy (Reuters) — Olivetti has told the French Industry Ministry it wants a substantial reduction in its 33 percent French stake in the company as well as the option to buy back shares, Carlo de Benedetti, managing director, said Monday.

France's Saint-Gobain, among the interest in Olivetti's controlling syndicate in 1980, Saint-Gobain was subsequently nationalized and is investing itself in electronic data processing. CIT-Alcatel, another French nationalized company, has been instructed by the French industry Ministry to negotiate with Olivetti the possibility of taking over Saint-Gobain's stake and talks have been under way for several months.

Mr. de Benedetti told the company's shareholders meeting that the quest was part of a series of conditions under which Olivetti was prepared to allow a continued French stake in the company. He said he hoped an agreement could be concluded in the next few months.

Japan Air Lines Reports Big Loss

TOKYO (Reuters) — Japan Air Lines, which is nearly 40 percent government-owned, said Monday it lost 3.82 billion yen (\$16 million) in the year ended March 31.

Shareholders were told they could not expect a dividend. A company spokesman said the airline had a difficult time coping with the weakness of the yen and had to turn to special reserves and sell seven aircraft to avoid an even greater loss.

In the previous year it recorded a 5.54-billion yen profit and hoped to return to that position in the current year.

Vought Signs Europe Missile Pact

DALLAS (UPI) — LTV Corp. announced at the Paris Air Show that its Vought aerospace subsidiary has signed an agreement with three European firms for international marketing of Vought's Improved Lance missile.

The agreement, with Wegmann of West Germany, BPD Difesa Spazio of Italy and the Royal Ordnance Factories of Britain, calls for evaluation of the European market and a preliminary production analysis to assess the economics of European production, a Vought spokesman said.

The company said the Improved Lance offers better range and accuracy, a bigger payload and lower unit cost than the Lance battlefield missile deployed by the United States and five other NATO countries.

Grace Backs Myer Takeover Offer

SYDNEY (Reuters) — Directors of the Sydney retailer, Grace Bros. Holdings, said Monday they unanimously recommended that shareholders accept a takeover offer by Myer Emporium and reject a rival offer by Bond Corp. Holdings.

The Myer offer is 3.65 Australian dollars for each Grace share and convertible note. Alternatively, shareholders may accept 20 dollars plus eleven 14 percent convertible unsecured notes or eleven 12.75 percent preference shares for every 10 shares or notes.

Bond is offering a 4.50-dollar three-year preference share with an annual dividend of 36 cents for each Grace share and note. Myer currently holds 19.72 percent of Grace and Bond 17.86 percent.

Rank Offers Shares in Cerebos

LONDON (Reuters) — Rank Hovis McDonald said Monday it is offering 25 percent of the share capital of its Cerebos Pacific subsidiary for sale in Singapore to raise the equivalent of £10.1 million (\$16.14 million) before expenses.

The offer is underwritten by Morgan Grenfell (Asia) and Kim Eng Securities, Rank said. The surplus net book value on the sale of the shares will be about £7.6 million and will be credited to extraordinary items after tax in Rank's accounts for 1982-83, it said.

Cerebos Pacific is the holding company for Rank's trading subsidiaries and associated companies in the Far East and Australasia. It has forecast a profit after tax equivalent to £3.74 million for the year ending July 31, 1983. Rank said proceeds from the sale will be used to strengthen the financial resources of the group for expansion in the region.

Dome Mines Chief Quits in Dispute

TORONTO (New York Times Service) — Malcolm A. Taschereau, a prominent figure in the Canadian gold-mining industry, has resigned as president and chief executive officer of Dome Mines Group following a split about policy with the company's board.

A brief statement issued by the company Friday said only that directors "had accepted Mr. Taschereau's resignation as a result of policy differences." It did not elaborate on what the policy difference might be or on who might succeed him.

Mr. Taschereau, reached by telephone at his Toronto home Sunday, declined to comment on the split. A well-known executive who was paid 222,500 Canadian dollars (\$184,225) last year, he had been president of Dome Mines since 1978 and had been with the group for 30 years.

OPEC Price Seems to Be Holding Despite Reports of Iran Discounts

By David B. Ottaway
Washington Post Service

RIYADH — Contrary to most expectations, the \$29-a-barrel price for crude oil set in March by the Organization of Petroleum Exporting Countries appears to be holding, mainly because Saudi Arabia has continued to keep down its production and Iran has adhered to the agreement.

But summer is the softest time for oil sales, and some analysts say the market could still be upset, even by Iran alone. Iran, a bitter political foe of Saudi Arabia that in the past has offered discounts to undermine the Saudis' share of the market and domination of OPEC, has been having trouble selling its oil and may yet be tempted to slash prices, thereby triggering a price war.

U.S. Treasury Secretary Donald T. Regan recently warned that the situation remains "precarious" and said that another drop in world prices could provoke a "second wave of financial crises for such oil-producing countries as Nigeria, Mexico, Venezuela, Indonesia and possibly even Britain."

OPEC, comprising 13 of the world's largest producers, cut its official price by \$5 in March amid much doubt by oil analysts that it would be enough to halt the slide threatening many oil producers with financial catastrophe.

Officials of the oil-producing Arab states of the Gulf, however, are expressing some optimism that the price will hold without a major cut many of them anticipated.

Last week, the Kuwaiti oil minister

Ali Khalifa, spoke of a "marked improvement" in the oil market and said "things are now much better than were originally expected."

Similar statements came from the United Arab Emirates oil minister, Mansur al-Oteiba, and the Saudi deputy oil minister, Fahd Khayal, who announced that Saudi Arabia's oil production was running at more than 4 million barrels a day.

That was the strongest indication that the demand for oil may be picking up; two months ago, the Saudis were producing about 3 million barrels a day, or possibly less, compared with more than 10 million barrels two years ago.

Other signs of improvement include Egypt's announcement May 19 of a 25-cent increase in the price of its two top-grade oils, an increase in Nigeria's production from 673,000 barrels a day to about 1.3 million barrels in mid-May and an overall increase since February in OPEC production by 1 million barrels to 15.2 million barrels a day, according to the estimates of the respected Petroleum Intelligence Weekly.

Under the March agreement, reached after two weeks of wrangling, OPEC members agreed to a production ceiling of 17.5 million barrels of crude a day and set a quota for each country, with Saudi Arabia called upon to play the role of "swing" producer.

That means Saudi Arabia would increase or decrease its production by whatever amount necessary to keep the market tight and thus defend the \$29 price for a barrel of

oil.

Iran's exports have dropped from more than 2 million barrels a day late last year to 1.5 million barrels in April, according to Deputy Oil Minister Abbas Hosseini.

Its total production was 1.2 million barrels compared with its OPEC quota of 2.4 million barrels.

OPEC, West Meet on Aid

Reuters

VIENNA — A two-day meeting of OPEC and Western aid agencies and commercial banks opened in Vienna Monday to discuss assistance to the Third World, the OPEC Fund for International Development said.

The Vienna-based fund, the main aid agency of the Organization of Petroleum Exporting Countries, is sponsoring the meeting, which has been held annually since 1978 in Paris.

The participants will examine the possibility of increasing commercial bank involvement in project-financing in developing countries in cooperation with the aid agencies.

Organizations such as the World Bank and the International Monetary Fund have called recently for continued involvement of commercial banks in the Third World, despite the debt problems of many developing countries.

■ Production in Indonesia

Indonesia expects to resume its peak oil production of 1.6 million barrels of crude per day by 1985 and hopes that the current oil price of \$29 per barrel will hold until the end of the year, Energy Minister Subroto said Monday.

Mr. Subroto said: "By 1985, the world economy would have recovered from the current recession and the energy demand will peak again, with Indonesia's production expected to be back to its level of 1.6 million barrels per day," United Press International reported from Jakarta.

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Germany's Merchant Bank stays on course in 1982.**Highlights from BHF-BANK's Annual Report 1982**

Consolidated Figures	in million DM
Loans to customers	13,458
Total deposits	12,178
Bonds issued	7,268
Shareholders' equity and reserves	573
Total assets	21,106

The complete Annual Report in German and summarized Annual Reports in English, French and Spanish are available on request.

Managing Partners:
Dr. Wolfgang Graebner, Dr. Hanns C. Schroeder-Hohenwarth,
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BHF-BANK, Germany's Merchant Bank, achieved good results in 1982 despite extensive risk provisions and significant loan write-offs during a year buffeted by economic uncertainties worldwide.

Improvements in earnings took precedence over growth in total assets and interest surplus advanced by 27.9%. In line with the Bank's long-term strategy to strengthen its fee-income business, the structure as a full-service merchant bank contributed to a substantial increase in commissions by 15.1%.

International operations, particularly underwriting and brokerage activities, expanded quite considerably, while country lending was kept within reasonable limits spread over a broad geographical area. Main foreign lending was to corporate clients in industrialized nations with emphasis on short-term facilities.

The Bank also expanded its participations in specialized areas, including the formation of a subsidiary for mergers and acquisitions on an international scale. Its global presence was further extended through a branch in Tokyo which commenced operations in spring 1983.

BHF-BANK International in Luxembourg and the Group's subsidiary in mortgage lending also contributed to the satisfactory results.

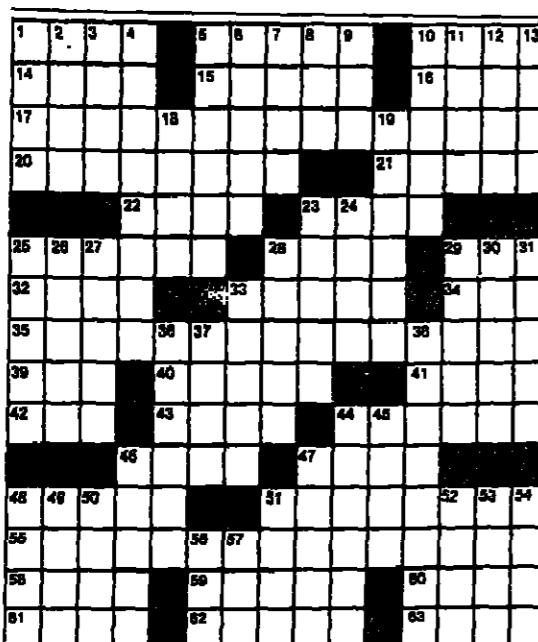
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ACROSS

- 1 Healing ointment
- 5 Boxed entangled
- 10 South African settler
- 11 Small case
- 15 Love affair
- 16 Southwestern steppes
- 17 Chinese Hollywood musical; 1983
- 20 Rivals of Athenians
- 21 Hungry
- 22 Of aircraft
- 23 Scarce
- 25 Mrs. Elmer Scam
- 28 Entertainer
- 29 "...the cruel..." alive": Shak.
- 32 Fencer's weapon
- 34 Fabulist
- (perfectly)
- 35 Neil Simon play and movie
- 39 Offer
- 40 Type of pie
- 41 Writer
- 42 Grief
- 43 Dist. units
- 44 Waterbird
- 45 Pillaged
- 46 Bluster
- 47 Dr. Jonas

DOWN

- 1 Miss Myerson
- 2 All agog
- 3 The moon personified
- 4 Treks
- 5 Light yellow
- 6 Superb serves
- 7 Caravans
- 8 Soothed
- 9 —, The Prince of Wales: Abbr.
- 10 Endured
- 11 Norway's patron saint
- 12 —Abel, ex-newspaperman
- 13 Author of "The Four-in-hand"
- 14 Roman road
- 15 Part of the Old World

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DENNIS THE MENACE



"GOT ANY PETS YOU'D LIKE SOMEBODY TO TAKE FOR A WALK?"

JUMBLE

Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

FRAUD

MERIG

FRINEY

GIZAHN



Answer here: AS

(Answers tomorrow)

Yesterday's Jumble: SORRY EIGHT ASTRAY LANCER

Answer: That gambling casino was so fancy, you had to wear a tie to do this—LOSE YOUR SHIRT

WEATHER

EUROPE

ASIA

AFRICA

LATIN AMERICA

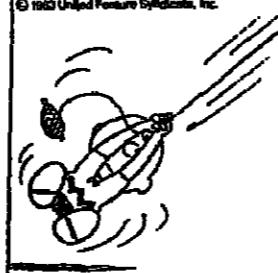
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MIDDLE EAST

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TUESDAY'S FORECAST

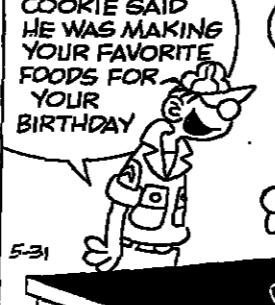
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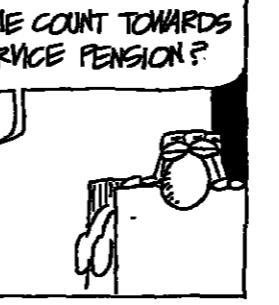
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ANDY CAPP



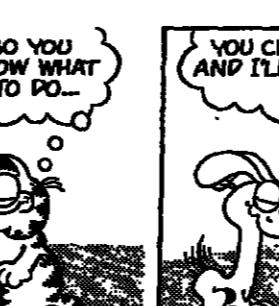
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GARFIELD



BOOKS

MAGICIAN

By Raymond E. Feist. 545 pp. \$19.95. Doubleday, Garden City, New York, N.Y. 11530.

Reviewed by Joseph McLellan

THE latest reincarnation of J.R.R. Tolkien is also, to some extent, a reincarnation of Isaac Asimov, Sir V. H. Edgar Rice Burroughs and perhaps Rafael Sabatini and the elder Dumas. Into this enormous, sprawling and lightly disciplined fantasy of swords and sorcery, Raymond E. Feist has thrown the material for a dozen novels with characters who range from elves and dwarves to troubadours and pirates — not to mention a whole class of mandarins, slaves and a few princesses, plus assorted other damsels in distress — also a rather appealing dragon. But, of course, most of the action involves knights and magicians.

Feist's theme is one of epic scope — a war between two worlds that become interconnected through a rift in the space-time continuum: Midkemia, whose culture is essentially medieval European, and Kelewan, which roughly resembles pre-industrial China. Each planet has its own complex political structures and situations, which affect the course of the war and provide subplots and episodes to complicate the action.

If it all sounds a bit like those fantasy games that have been in vogue for some time on U.S. dining room tables and are now finding their way into home computers, this is hardly an accident. Novelist Feist is also a designer of such games, and he has transferred his specialized skills very adeptly from one medium to another. If his novel sometimes reads like a particularly eventful evening of Dungeons and Dragons, that should present no serious problem. Fantasy games owe a lot to fantasy novels, and it is time for repayment.

At the heart of his tangled tale are two young men from Midkemia as they grow from adolescence into adulthood: Pug, a foundling with a wild talent for magic, and Tomas, who aspires to become a swordsmen and fulfills that hope beyond his wildest expectations.

At the beginning of the novel, they are beginning their apprenticeship in Cydete, a small port city on the Endless Sea at the far Western tip of the Kingdom of Midkemia's dominant port. They are separated by the fortunes of war — Pug carried off as a slave to Kelewan,

where his magic powers ultimately raise him to a special status in the alien society. Tomas is on the receiving end of a tragic process, his body invaded by the spirit of a great warrior from the past — back when the heavyweight swordsmen rode on dragons. As usual in fantasy fiction, it all sounds a bit silly in a dry summary, but Feist manages to make it quite convincing — one step at a time — in the actual narrative.

He is not a stylist of any special distinction, but he is quite readable; he has read his models carefully, and he clearly knows how to tell a story — in fact, half a dozen stories knotted up to one. He also has a decent ear for dialogue, a sense of how to construct a scene and a good eye for significant, colorful detail whether his subject is the storming of a medieval castle, a street brawl in the slums of an old city, the wandering of a boy lost in a cave or the mis-treating of slaves on a distant planet. He fills his pages with colorful secondary characters — a gruff, pipe-puffing leader of the dwarves, a woodsmen whose untempered eye with bow and arrow proves useful during a sea battle; a regal queen of the elves who turns out to be also a deeply human woman; a mad king; scheming dukes; and an enigmatic, insidiously powerful leader of a band of criminals who is known simply as The Upright Man. He keeps the action moving fast — simultaneously in a variety of locales — and he has a vivid imagination.

Many scenes stand out: The ghoulish specter of Tomas struggling for control of his own mind and body is one, but most of them center on the figure of Pug and the process by which he becomes Midkemian the magician, greater of the Great Ones. It begins in a training center not unlike a Zen monastery and reaches a climax in a superbly constructed scene where he interrupts a gladiatorial spectacle in an arena and calls down fire from heaven on the cruel, decadent spectators. At such moments, "Magician" is totally gripping, though there are other times in its complex, meandering plot when readers may feel able to put it down for a while.

The field of fantasy has grown remarkably in the last 10 years, as readers who have been lured into it by Tolkien began looking around for more of the same. "Magician" is a significant contribution to that growth.

Joseph McLellan is the music critic of The Washington Post.

CHESS

By Robert Byrne

Nep, picking up a decisive pawn.

GARI Kasparov took the eighth and ninth games to win his quarterfinal match in Moscow for world championship candidates with Alexander Belyavsky. Kasparov, a 19-year-old Soviet grandmaster, scored a 6-3 victory over Belyavsky, 29, a Russian competitor.

The fifth game was a masterpiece of attacking play by the brilliant Kasparov.

Belyavsky had used 11...N-B3 in game one but had trouble with the complications arising from 12.B-R6!

In game three, Kasparov played 12.Q-B3 but got nothing after 12...P-R5; 13.PxP, NxN; 14.PxN, Q-Q2; 15.BxN, QxN; 16.NxP, QxP. This time he produced the powerful improvement, 12.B-E5!

How was Black to escape the pressure of the white minor pieces? After 12...N-K3; 13.PxN, Beleyavsky had to avoid the trap 13...N-K5? 14.NxP,

which wins a pawn no matter what Black does.

After 15.Q-N4, the problem was to avert the threat of 16.Q-R1 followed by 17.PxP and 18.P-K4. On 15...Q-K1; 16.B-Q7!, it wasn't possible to play 16...P-K6? because of 17.P-K6; BxR; 18...B-R7 because of 17.P-K6; BxR; 19...BxP; 20...QxP, which wins for

To give his queen space to deploy, Belyavsky tried the radical 17...P-KR4; 18.Q-R3; P-R5; 19.B-N4. However, on 20.B-B5, he could not have carried out the plan with 20...BxR; 21.PxR, Q-K2; 22.N-K4; 23.N-B3; 24.QxP forces mate.

His choice, 20...P-N3, ran afoul of Kasparov's scintillating piece sacrifice with 21.N-K4; BxR; 22.PxR; 23.QxP. Now, 23...R-K1?

Kasparov's 34.P-K6! broke Belyavsky's resistance — 34...P-P permits 35.P-B6; 34...P-B7; K-R3; 35.P-B8; 36.Q-Q1; 37.P-B9; 38.Q-Q8; 39.P-B10.

After 38...K-N1, there could have followed 39.Q-M4; K-R2; 40.Q-R4; N-B2; 41.Q-Q7; R-O1; 42.QxN; RxQ; 43.P-K8/Q, winning easily. Belyavsky gave up.

QUEEN GAMBIT DECLINED

Move	Name	White	Black
P-K4	Queen Gambit Declined	A	B
P-Q4	QGD	C	D
P-Q5	QGD	E	F
P-Q6	QGD	G	H
P-Q7	QGD	I	J
P-Q8	QGD	K	L
P-Q9	QGD	M	N
P-Q10	QGD	O	P
P-Q11	QGD	Q	R
P-Q12	QGD	S	T
P-Q13	QGD	U	V
P-Q14	QGD	W	X
P-Q15	QGD	Y	Z

Canadian Stock Markets

Prices in Canadian cents unless marked.

	Toronto	Montreal	Calgary	Vancouver
High	\$4108	\$220	\$269	\$258
Low	\$3928	\$202	\$247	\$237
Clear City	\$4108	\$220	\$269	\$258
Open	\$4108	\$220	\$269	\$258
Prev.	\$4098	\$218	\$267	\$257
May 27	\$4108	\$220	\$269	\$258
Loc. Morris	\$220	\$202	\$247	\$237
L.G. Carr	\$220	\$202	\$247	\$237
L.L. Loc.	\$220	\$202	\$247	\$237
Macmillan Co.	\$220	\$202	\$247	\$237
McIntosh	\$220	\$202	\$247	\$237
Midwest Co.	\$220	\$202	\$247	\$237
Miller	\$220	\$202	\$247	\$237
Miner Co.	\$220	\$202	\$247	\$237
Mitsubishi	\$220	\$202	\$247	\$237
Nikko Sec.	\$220	\$202	\$247	\$237
Nippon Steel	\$220	\$202	\$247	\$237
Nippon Yawata	\$220	\$202	\$247	\$237
Northrop	\$220	\$202	\$247	\$237
Ontario Power	\$220	\$202	\$247	\$237
Parsons	\$220	\$202	\$247	\$237
Perimeter	\$220	\$202	\$247	

SPORTS

76ers Defeat Lakers, 111-94

By David DuPrez

Washington Post Service

INGLEWOOD, California — The Philadelphia 76ers all but snatched the crown off the heads of the defending champion Los Angeles Lakers Sunday with a display of all-around talent.

The 76ers spotted the Lakers a 15-point first-quarter lead and then took control of the game in every phase, especially with their defense. They came away with a 111-94 victory and a 3-0 lead in the best-of-seven National Basketball Association finals. No team in the history of the league has come back from that deficit to win a series.

The 76ers outscored the Lakers, 62-42, in the second half, and in the third period, limited Los Angeles to two field goals in 34 attempts. Then, early in the fourth period, they scored 14 straight points that brought a hush over the Forum crowd of 17,505 and carried the 76ers to their 11th victory in 12 playoff games. The 76ers can wrap up the series here Tuesday.

"If you don't get us early, you're in trouble," said Billy Cunningham, the 76er coach, "because in the second half, we're coming with the defensive pressure. It's been characteristic of this team all through the playoffs to come out in the second half and turn the game around with our defense."

"I hope this team gets the recognition it deserves as a great defensive team. Yeah, we have the stars who can play offense, but it's our

defense that puts us at that awesome level."

Moses Malone was the most dominant player on the floor again as he scored 28 points and had 19 rebounds, six assists and three steals. Julius Erving scored 21 points and had 12 rebounds and

NBA FINALS

Andrew Toney had 21 points and five assists.

Still, it was the 76ers' defense that was the difference.

"I think the Lakers have trouble reacting to a team that plays at the same pace they do," Erving said. "In the second half, we never let them get into a shooting rhythm."

Kareem Abdul-Jabbar scored 10 of his 23 points in the first quarter and the Lakers were off and running to a 32-21 lead. They increased it to 40-25 early in the second period, then the 76ers started coming.

"It's good we got kicked in the first quarter because it woke us up," said the 76ers' Marc Iavaroni.

With an 18-5 scoring run, the 76ers can the Los Angeles lead to 52-49 at halftime.

The third period was a nightmare for the Lakers. They turned the ball over on their first five possessions and did not score a field goal until Jamal Wilkes made a tap-in with 6:54 left in the period.

But the Lakers stayed in the game mainly because they made 16 of 19

free throws in the third period, and went into the final quarter tied at 72.

The Forum started rocking when Bob McAdoo made two long jump shots at the onset of the period to give Los Angeles a 76-74 lead, but the 76ers, with their defense forcing the Lakers to attempt poor shots, and turn the ball over, poured in 14 straight points to put the game out of reach.

"You have to credit Philadelphia with a sustained defensive effort," said Pat Riley, the Laker coach. "They take away your first option and your first pass and make you do what they want you to do."

Wilkes said it was the 76ers' defense and rebounding that turned the game around. They have one of the best transition defensive teams in the league."

The 76ers made it clear what they intended to do Tuesday. "We're going to come out with more intensity Tuesday than ever before in the playoffs," Cunningham said. "This is what we've been working for since September. I'm not surprised we're up 3-0. We want to win in four. We want people to remember this team."

Said Riley: "You have a dream and you never, never give it up. We're going to hang in there until the end. The shock of today hurts, but they still have to win one more game."

"This team has created a lot of miracles. I'm not going to concede anything to anybody."



Julius Erving outfought the Laker trio of Bob McAdoo (right), Kurt Rambis and Jamal Wilkes for a rebound.

Durie Tops Austin; McEnroe Wins

Compiled by Our Staff From Dispatches

PARIS — Jo Durie upset fourth-seeded Tracy Austin, 6-1, 4-6, 6-0, Monday to reach the semifinals of the French Open Tennis Championships, while John McEnroe overcame a bad spell in the second set and moved into the men's quarterfinals.

McEnroe, seeded second behind Jimmy Connors, downed Eliot Teltscher, the 10th seed, 6-3, 3-6, 6-4, 6-1.

McEnroe will face Mats Wilander, the 18-year-old defending men's champion, in the quarterfinals. Wilander, seeded fifth, outlasted 14th-seeded Henrik Sundstrom, 6-4, 6-1, 6-3.

Fourth-seeded Guillermo Vilas and eighth-seeded Jose Higueras both scored straight-set fourth-round victories to line up for a quarterfinal clash. Vilas defeated Jimmy Arias, 7-5, 6-3, 6-2, in two hours 33 minutes, while Higueras took six minutes longer to dispatch Andres Gomez, 7-6, 6-4, 7-6.

Meanwhile, Miami Jausovec brought Kathy Horvath down to earth with a bang, to earn a semifinal clash with Durie. Horvath, who produced the upset of the tournament by eliminating defending champion Martina Navratilova in Saturday's quarterfinals, was demolished, 6-1, 6-1, by Jausovec.

Durie, who had seen off 12th-seeded Kathy Rinaldi and fifth-seeded Paul Shriver in the two previous rounds, looked like powering her way to a straight sets victory when she led 4-3 and 40-15 in the second set.

But after the umpire had overruled the linesman on a controversial point that would have given Durie a 5-3 edge, she went on to lose the game and then the set.

But she overcame the crisis and raced through the deciding set with a dazzling array of net-hitting slices and forehand passes.

Describing her feelings in the eighth game, Durie, the first British woman to reach the semifinals for six years, said: "I thought I was close, but I did not blow it ... I was still in control, although I lost the next two games."

Austin was disappointed at her performance. "She played well and I played pretty awful," she said. "That third set was one of the worst of my career. I played well in the third, but I was not keeping the ball in. I was making so many unforced errors."

Horvath, 17, was never in the match with Jausovec, who won the title here in 1977.

"It is hard to keep playing well after beating the No. 1 player in the

world," Horvath said later. "My timing was really off today and Minna's was on. I had a great tournament, part of the problem was that I was satisfied how I did and found it hard to do more."

In the other women's quarterfinal matches, Chris Evert Lloyd, the second seed, will play Hana Mandlikova, the eighth seed, and third-seeded Andrea Jaeger will play Gretchen Rush, a 19-year-old amateur who has played in only five previous professional tennis tournaments.

McEnroe, after an impressive start, lost the second set to Teltscher and struggled in the third. McEnroe was a break down at 2-3 in the third set. He broke back to 3-3, helped by a double fault by Teltscher. Then, in a long game in which each player had advantage points in turn, McEnroe managed to hold his service and go on to win the set, 6-4.

In the decisive set Teltscher's challenge died slowly and McEnroe raced away to 6-1 victory.

After the match, McEnroe said: "It is the happiest I have been at the championships. I am capable of playing better on clay than I was when I was last here two years ago."

Vilas, the 1977 champion and three-time runner-up, was never under pressure from Arias.

But Higueras, troubled by tennis elbow, just had enough to spare to see off the challenge of 16th-seeded Gomez, and was worried about his injury. "It seems to be getting worse day by day," he said.

Transition

BASEBALL

American League

KANSAS CITY—Signed Keith Creel,

pitcher, from Omaha of the American Association.

National League

CINCINNATI—Littered the three-day suspension without pay of Cesar Cedeno, outfielder.

LOS ANGELES—Placed Steve Howe, pitcher, on the 21-day disabled list, called up from the minor leagues.

SAN DIEGO—Signed Mike Coughlin, pitcher, from the Pacific Coast League.

SAN FRANCISCO—Placed Mike Cuellar, pitcher, from the 14-day disabled list, reactivated Ed Whitson, pitcher.

FOOTBALL

Canadian Football League

HAMILTON—Signed Doug Burns, wide receiver, Don Davies, defensive end, Paul Palmer, defensive tackle, and Jerry Stroh, defensive end.

TORONTO—Signed Tim MacCurdy and Dennis Bush, slotbacks; Boyd Young, defensive tackle; Tim Eberle, quarterback; and Patrick Whitehead, running back.

National Football League

CLEVELAND—Signed Reggie Camp, defensive end.

DENVER—Signed Greg Boyd, defensive end.

GREEN BAY—Signed Corton Briscoe, defensive back; Byron Williams, wide receiver.

San Diego—Signed Cliff Thirl, linebacker.

United States Football League

ARIZONA—Traded Curtis Blackmon, running back, to the Washington Federals for an undesignated player.

LOS ANGELES—Traded Kevin Williams, wide receiver, to the Denver Gold for John Borrelli, linebacker.

NEW JERSEY—Traded Bobby Scott, quarterback, to the Chicago Blitz for Matt Viti-Bascio, offensive lineman, and a 1984 draft pick.

HOCKEY

National Hockey League

WINNIPEG—Signed Laurie Boeschens, center.

COLLEGE

CORNELL—Announced the resignation of Mark L. Smith, director of athletics, as he can return to executive level.

METRO CONFERENCE—Norman Steven J. Hatchell, commissioner.

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ART BUCHWALD

Nuclear Poker Games

WASHINGTON — I just returned from Las Vegas where I observed the World Series Poker Championships at Binion's Golden Horseshoe. They don't quit until everybody but one guy is wiped out.

I was telling a friend in the White House about it when he said, "They don't know what real poker is."

He took over a blue disk from his desk and showed it to me.

"Do you know what this is?" he asked.

I said it looked like a poker chip.

"It's an MX bargaining chip," he said. "Congress just voted to stake the president to \$625 million of them so he could buy into the arms race game."

He showed me 10 red chips. "These represent nuclear warheads. You bet them on top of the MX missile chips."

"How much are they worth?"

"A billion dollars each. But without them the MX missile chips aren't worth anything."

"Boy, that's big-time poker."

The president says he has to have them if he's going to play cards in Geneva with the Russians.

If he doesn't have the MX chips, the Soviets will try to bluff him out of the pot."

"So the president has the MX missile chips and he puts them on the table?"

Thieves Rifle Danish Museum

The Associated Press

HILLEROED, Denmark — Burglars broke into Denmark's Frederiksborg Castle early Monday and stole 55 antique medals and coins, police said.

Museum officials said the objects stolen from the Renaissance-style castle that served as Denmark's historical museum included one of the largest medals in Europe, a saucer-size silver medal commemorating Admiral Niels Juel's victory over the Swedish fleet in 1677.

Police would not estimate the value of the objects. "The metal alone is worth a fortune," a duty officer said. He said the thieves apparently climbed scaffolding for renovation set up on the part of the castle that housed the objects.

"He doesn't put them on the table. He buries them in hardened old Minuteman missile silos, and he tells the Soviets he's only willing to reduce his pile if they're willing to reduce their land-based missile chips at the same time."

"Why would we be willing to give away the MX missile chips?"

"Because it's an arms-race poker game they are not as valuable as they look. The Soviets could probably knock them out with a pair of axes. That's why the president needs them as chips. He's willing to throw them in the pot, because he wants to hold onto all the other land, sea and air chips we have in our arsenal."

"If the president says he needs the MX missiles as throwaway chips in Geneva, what's to prevent the Soviets from coming up with missile chips of their own that they don't mind losing?"

"Nothing. They probably will come up with a chip they don't really care about to match the MX."

"Why are we staking the president to billions of dollars in MX chips if they don't really have any value?"

"To show that we're serious about playing poker in Geneva. If we didn't have the MX missile chips, the Soviets would believe the president doesn't have enough guts to stick out the nuclear war games."

"When do we get down to serious poker with the Russians?"

"Not for a very long time, because the president says the Soviets are playing with a stacked deck, and they cheat on every hand. He's not going to bet his stack until he's sure we can beat them at their own game."

"Suppose the president puts all his MX chips on the table and the Russians call him with their chips. Does that mean they will agree on a limit for future pots?"

"Not necessarily. The president may go back to Congress and ask them for another stack of arms chips because he'll say the Soviets have a lot of cards up their sleeves, and he can't win if he has to play with one hand tied behind his back."

"What I don't understand is why we're playing poker in Geneva if one side keeps accusing the other of cheating."

"Because it's the only game in town."

A Brazil Plantation House Regains Its Former Glory

By Warren Hoge
New York Times Service

A Candinha Silveira had three things in mind when she and her husband, Joaquim, set out to buy their country place. "I wanted an old house," she said. "I wanted it on a hill and I wanted a waterfall near by."

After visiting more than 90 far-flung farm properties, she satisfied all three wishes here in the southeastern region in the midst of Brazil's original coffee-growing area.

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LIVING ROOM OF BARRA DO PEIXE

Jane Stewart-Groves

to see humans in here that he leaped out a second-floor window.

Today the imposing plantation house has been restored and whitewashed and the hillsides are once again ridged in neat hedgerows of coffee shrublings. Unlike other mansions from the same era that were built in valleys to capture water best, Barra do Peixe's main house sits on a hill. Its broad facade, articulated by 34 windows trimmed in blue, is the first view of the building a visitor has after a nine-mile passage by dirt road from the river town of Alem Paraiba.

It is a rural refuge for Silveira, supervising director of the family textile business in Rio de Janeiro, one of Brazil's largest, and his wife, who owns an Spanish store that sells linens and embroidery. It is also a place to entertain weekend friends from Rio, three hours' drive away.

At times all 20 guest rooms are filled — Brazilians are too outgoing to be truly pastoral. The Silveiras remain true to the origins of the house, which was completed in 1859. "People didn't just come by for lunch in those days," Silveira said. "They came for months and they brought their servants." You can't imagine the riches of that period, added his wife. "Everyone wore perfumes

and jewelry from France and sent their children to Portugal for schooling."

The people who built the great colonial plantations of the Brazilian interior only strayed from them to go to court in Rio, or to the summer palaces of the royal family in the mountain city of Petropolis, or to Europe. Brazil was an independent regency from 1822 until proclamation of the republic in 1889, and the time was one of extraordinary prosperity for the rural gentry. It ended abruptly in 1888 with the abolition of slavery.

To help in the restoration the Silveiras sought out Júlio Senna, a Rio architect and decorator, who has a particular knowledge of Brazilian pieces. "Our idea was to do what Europeans do with castles," Senna said. "Brazilians don't have castles; they have plantations. We restored the exterior as faithfully as possible while building interior comforts like modern plumbing. We installed all the bathrooms without damaging the facade."

They chose Brazilian furniture from the time of the house's construction or earlier — although there are exceptions. Pausing to rest on a modern sofa, Mrs. Silveira motioned toward two 18th-century hard-back settees. "Sometimes I think people in those days died young because they only had those to sit in," she said.

The period identifications of pieces throughout the house bear names of the Portuguese royal family from Dom João VI up to Dom Pedro II, the last Brazilian regent. Senna and Mrs. Silveira did their buying from dealers and at auctions. Chests of dark jacaranda wood and delicately sculptured saints' statues came from churches, which have traditionally provided both an inspiration and a repository for art in Brazil.

"This is really a jewel — you won't find this even in a museum," Senna said, admiring the four-poster bed in Mrs. Silveira's room.

The hallways and public rooms are breezy and so big that some of the staff have taken to wearing sneakers to get around. Bowls of yellow abiu fruit from trees in the front yard are placed around the house and lend the random



Candinha and Joaquim Silveira, the owners.

hold lay upstairs in a terminal de-

rium.

The floorboards had to be renewed, using wood from the region cut into the broad widths customary at the time of construction. But the masonry is the original daub and wattle, and the thick structural beams of the house have remained intact, with the exception of one that has been replaced with a cement girder. Steel supports have been inserted at several stress points.

The jewels of the house's colo-

nial furniture are the decorative bedsheets and the chest and armoires painted in combinations of sky blue, yellow and pink.

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touches of color that are as much a part of Brazilian decoration as they are of the landscape.

Silveira himself is a man of expansive cordiality who stands 6 feet 2 inches in his stocking feet and several commanding inches above that in the knee-high boots he uses to stride around his property. He has brought in cattle, as well as resuming the coffee planting, and he said the farming operation was already breaking even.

Restoration of the house con-

tinues as workers remove a 20-year-old wooden mill once used to grind manioc into meal.

The house took 20 years to

build, and, to judge by his por-

traits, the delay must have tested Fonseca, whose penetrating eyes beneath thick eyebrows do not suggest patience with dawdlers.

He had better luck with a neo-

Gothic church he had built 20 miles down river. He said that none of his heirs would get any of his money until it was ready to receive him. Construction was finished in four years.

PEOPLE

300,000 Make 'Zoo' Of U.S. Rock Fest

A crowd of 300,000 partying to the roar of heavy metal rock turned the US Festival at Devore, California into a "zoo" that left one man bludgeoned to death over a drug deal, and the festival's promoter said he was worried by the huge crowd. James Dean Eastell of Pomona, California, died about 12 hours after he was bludgeoned in a parking lot at Glen Helen Regional Park. Steve Wozniak, the Apple computer designer who reportedly put \$16 million into the festival, hoped to attract 300,000 people daily. Thousands of the revelers, who paid up to \$25 for each day of the festival, stayed overnight at the park as the festival continued, with David Bowie, Stevie Nicks and The Pretenders still to perform. The concert bill, including Van Halen, Judas Priest and Ozzy Osbourne so far, drew a crowd that was overwhelmingly teen-age and male. Wozniak, 31, predicted he'll lose \$3 million to \$5 million on the festival, which continues this Saturday with a country music program.

The trustees of the estate of the novelist Ian Fleming lost an appeal in London to ban the release of the latest James Bond film, "Never Say Never Again," starring Sean Connery. The Court of Appeal upheld the High Court's ruling March 30 that producers Kevin McClory and Jack Schwartzman had not infringed copyright laws in the 1967 film to be released this autumn.

United Artists, which has produced every Bond film except "Thunderball," supported them, hoping to maintain nearly exclusive rights to the superspy's spectacular adventures and earnings. But High Court Judge Irvine Goulding held that the thriller was based on material from about 10 unproduced Bond screenplays co-written and copyrighted by McCleary, the screenwriter Jack Whiting and Fleming in the late 1950s.

The French pianist Pierre Volnay, 20, won the Queen Elisabeth of Belgium International Music Contest in Brussels, and a prize of 300,000 Belgian francs (about \$6,000). Second of the 108 entries from 26 countries was Wolfgang Mauz, 22, of West Germany and third Boyan Vodenicharov, 22, of Bulgaria. Volnay also won the Belgian radio and TV prize as most popular musician.

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